2018 BASEL III PILLAR 3 DISCLOSURE

AS AT 31 MARCH 2018

APS 330:
PUBLIC DISCLOSURE

Important notice

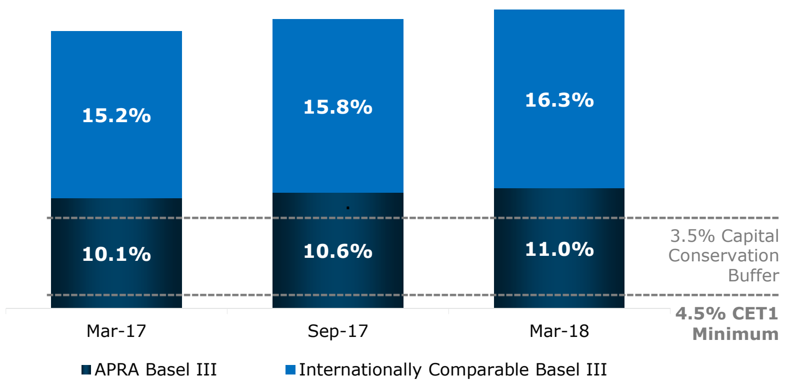
This document has been prepared by Australia and New Zealand Banking Group Limited (ANZ) to meet its disclosure obligations under the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure.

TABLE OF CONTENTS[1]

[1] Each table reference adopted in this document aligns to those required by APS 330 to be disclosed at half year.

Chapter 1 – Highlights

Common Equity Tier 1 (CET1) Ratios*



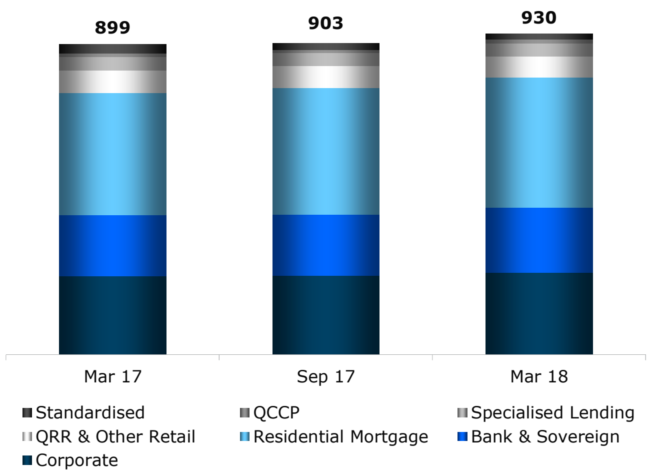
* Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor requirement.

Strong capital position at March 2018

- Capital ratios have increased in the half to March 2018 mainly due to cash earnings generation and benefits from settlement of asset disposals (Shanghai Rural Commercial Bank, Asia Retail assets and 20% stake in Metrobank Card Corporation). These were partly offset by the payment of the September 2017 Final Dividend and completion of $1.1bn of on-market share buy back.

- CET1 ratio is currently in excess of APRA's 'unquestionably strong' benchmark and well ahead of the 2020 implementation date.

Exposure at Default* ($bn)

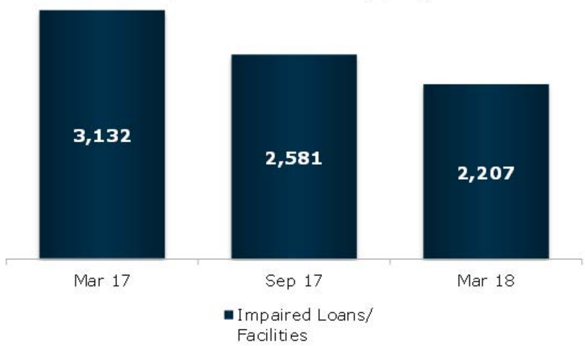


*Exposure at Default is post Credit Risk Mitigation (CRM) and does not include Securitisation, Equities or Other Assets.

EAD up $27bn to $930bn for 1H18

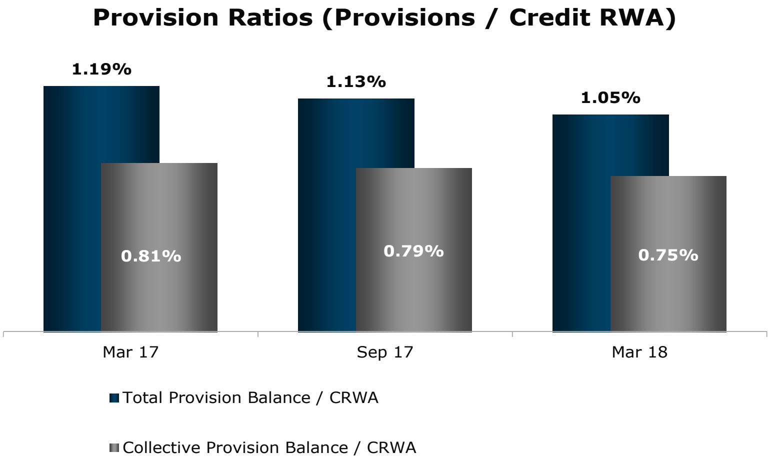
- Underlying movement primarily driven by growth in Sovereign, Residential Mortgages and Corporate asset classes, partially offset by reduction in Qualifying Revolving Retail and Standardised portfolio.

Impaired Assets ($m)



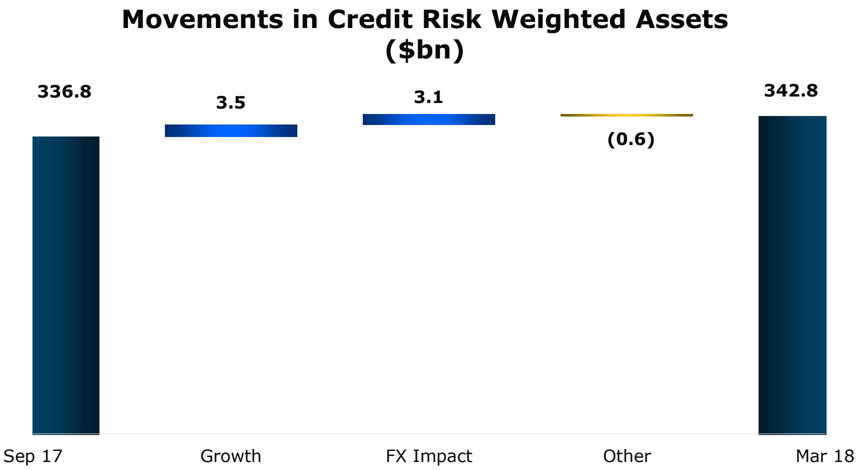
Impaired Assets down $374m 14% HoH

- Decrease in Impaired Assets HoH is driven by all divisions due to lower impairments taken combined with the sale of the Asia Retail and Wealth businesses.



Provision coverage remains sound

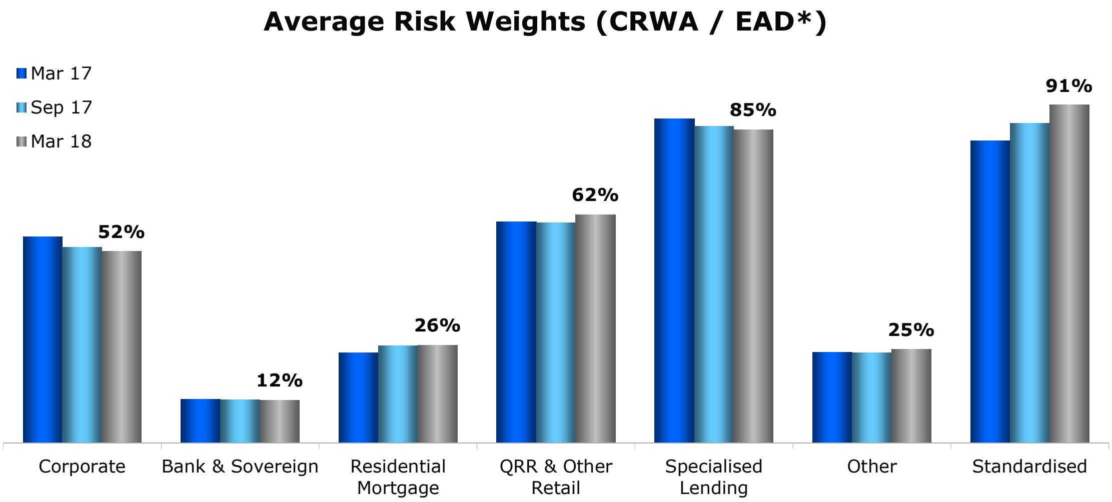
- The total provision ratio decreased by 8bps HoH to 1.05%. Collective Provision ratio decreased by 4bps to 0.75% and continues to provide adequate coverage.



Credit Risk Weighted Assets (CRWA) increased by $6.0bn

- Volume growth driven by Institutional as well as Australia home loans, partly offset by divestments of Asia Retail and Wealth businesses in Vietnam, Taiwan and Indonesia.

- FX movements increased CRWA by $3.1bn, mainly driven by depreciation of AUD against US and NZ currencies.



*Exposure at Default is post Credit Risk Mitigation (CRM) and does not include Securitisation, Equities or Other Assets.

Chapter 2 - Introduction

Purpose of this document

This document has been prepared in accordance with the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure.

APS 330 mandates the release to the investment community and general public of information relating to capital adequacy and risk management practices. APS 330 was established to implement Pillar 3 of the Basel Committee on Banking Supervision's framework for bank capital adequacy[2]. In simple terms, the Basel framework consists of three mutually reinforcing 'Pillars':

Pillar 1 Minimum capital requirement	**Pillar 2** Supervisory review process	**Pillar 3** Market discipline
Minimum capital requirements for Credit Risk, Operational Risk, Market Risk and Interest Rate Risk in the Banking Book	Firm-wide risk oversight, Internal Capital Adequacy Assessment Process (ICAAP), consideration of additional risks, capital buffers and targets and risk concentrations, etc.	Regular disclosure to the market of qualitative and quantitative aspects of risk management, capital adequacy and underlying risk metrics

APS 330 requires the publication of various levels of information on a quarterly, semi-annual and annual basis. This document is the semi-annual disclosure.

Basel in ANZ

In December 2007, ANZ received accreditation for the most advanced approaches permitted under Basel for credit risk and operational risk, complementing its accreditation for market risk. Effective January 2013, ANZ adopted APRA requirements for Basel III with respect to the measurement and monitoring of regulatory capital.

Verification of disclosures

These Pillar 3 disclosures have been verified in accordance with Board approved policy, including ensuring consistency with information contained in ANZ's Financial Report and in Pillar 1 returns provided to APRA. In addition ANZ's external auditor has performed agreed procedures with respect to these disclosures.

Comparison to ANZ's Financial Reporting

These disclosures have been produced in accordance with regulatory capital adequacy concepts and rules, rather than in accordance with accounting policies adopted in ANZ's financial reports. As such, there are different areas of focus and measures in some common areas of disclosures. These differences are most pronounced in the credit risk disclosures, for instance:

- The principal method for measuring the amount at risk is Exposure at Default (EAD), which is the estimated amount of exposure likely to be owed on a credit obligation at the time of default. Under the Advanced Internal Ratings Based (AIRB) approach in APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk, banks are accredited to provide their own estimates of EAD for all exposures (drawn, commitments or contingents) reflecting the current balance as well as the likelihood of additional drawings prior to default.
- Loss Given Default (LGD) is an estimate of the amount of losses expected in the event of default. LGD is essentially calculated as the amount at risk (EAD) less expected net recoveries from realisation of collateral as well as any post default repayments of principal and interest.
- Most credit risk disclosures split ANZ's portfolio into regulatory asset classes, which span areas of ANZ's internal divisional and business unit organisational structure.

Unless otherwise stated, all amounts are rounded to AUD millions.

[2] Basel Committee on Banking Supervision, International Convergence of Capital Measurement and Capital Standards: A Revised Framework, 2004.

Chapter 3 – Capital and Capital Adequacy

Table 1 Capital Disclosure template

The head of the Level 2 Group to which this prudential standard applies is Australia and New Zealand Banking Group Limited.

Table 1 of this chapter consists of a Capital Disclosure template that assists users in understanding the differences between the application of the Basel III reforms in Australia and those rules as detailed in the document Basel III: A global regulatory framework for more resilient banks and banking systems, issued by the Bank for International Settlements.

The information in the lines of the template have been mapped to ANZ's Level 2 balance sheet, which adjusts for non-consolidated subsidiaries as required under APS 001: Definitions. Where this information cannot be mapped on a one to one basis, it is provided in an explanatory table. ANZ's material non-consolidated subsidiaries are also listed in this chapter.

Restrictions on Transfers of Capital within ANZ

ANZ operates branches and locally incorporated subsidiaries in many countries. These operations are capitalised at an appropriate level to cover the risks in the business and to meet local prudential requirements. This level of capitalisation may be enhanced to meet local taxation and operational requirements. Any repatriation of capital from subsidiaries or branches is subject to meeting the requirements of the local prudential regulator and/or the local central bank. Apart from ANZ's operations in New Zealand, local country capital requirements do not impose any material call on ANZ's capital base. ANZ undertakes banking activities in New Zealand principally through its wholly owned subsidiary, ANZ Bank New Zealand Limited, which is subject to minimum capital requirements as set by the Reserve Bank of New Zealand (RBNZ). The RBNZ adopted the Basel II framework, effective from 1 January 2008 and Basel III reforms from 1 January 2013 and ANZ Bank New Zealand Limited has been accredited to use the advanced approach for the calculation of credit risk and operational risk. ANZ Bank New Zealand Limited maintains a buffer above the minimum capital base required by the RBNZ. This capital buffer has been calculated via the ICAAP undertaken for ANZ Bank New Zealand Limited, to ensure ANZ Bank New Zealand Limited is appropriately capitalised under stressed economic scenarios.

Table 1 Capital disclosure template

		Mar 18 $M	Reconciliation Table Reference
Common Equity Tier 1 Capital: instruments and reserves			
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	28,031	Table A
2	Retained earnings	30,299	Table B
3	Accumulated other comprehensive income (and other reserves)	588	Table C
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	*n/a*	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	51	Table D
6	Common Equity Tier 1 capital before regulatory adjustments	**58,969**	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	3,638	Table E
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	3,379	Table F
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1	Table J
11	Cash-flow hedge reserve	117	
12	Shortfall of provisions to expected losses	686	Table G
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(5)	
15	Defined benefit superannuation fund net assets	117	Table H
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	203	Table I
20	Mortgage service rights (amount above 10% threshold)	n/a	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	n/a	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a - 26j)	7,126	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	(135)	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	5,191	Table I
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	868	Table J
26f	of which: capitalised expenses	1,133	Table K
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	36	Table L
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	33	
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to CET1	**15,262**	
29	Common Equity Tier 1 Capital (CET1)	**43,707**	

		Mar 18 $M	Reconciliation Table Reference
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	7,515	Table M
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	7,515	Table M
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	309	Table M
35	of which: instruments issued by subsidiaries subject to phase out	n/a	
36	Additional Tier 1 Capital before regulatory adjustments	**7,824**	
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	405	Table M
41	National specific regulatory adjustments (sum of rows 41a - 41c)	1	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	1	Table M
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	**406**	
44	Additional Tier 1 capital (AT1)	**7,418**	
45	Tier 1 Capital (T1=CET1+AT1)	**51,125**	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	6,366	
47	Directly issued capital instruments subject to phase out from Tier 2	1,623	Table N
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	64	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	123	Table G
51	Tier 2 Capital before regulatory adjustments	**8,176**	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	10	Table N
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	85	Table N
56	National specific regulatory adjustments (sums of rows 56a - 56c)	41	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	41	Table N
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 capital	**136**	
58	Tier 2 capital (T2)	**8,040**	
59	Total capital (TC=T1+T2)	**59,165**	
60	Total risk-weighted assets based on APRA standards	**395,777**	

		Mar 18 $M	Reconciliation Table Reference
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	11.0%	
62	Tier 1 (as a percentage of risk-weighted assets)	12.9%	
63	Total capital (as a percentage of risk-weighted assets)	14.9%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	8.03%	
65	of which: capital conservation buffer requirement	3.50%[3]	
66	of which: ADI-specific countercyclical buffer requirements	0.03%	
67	of which: G-SIB buffer requirement (not applicable)	n/a	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	6.5%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
71	National total capital minimum ratio (if different from Basel III minimum)	n/a	
Amount below thresholds for deductions (not risk-weighted)			
72	Non-significant investments in the capital of other financial entities	128	
73	Significant investments in the ordinary shares of financial entities	5,104	Table I
74	Mortgage servicing rights (net of related tax liability)	n/a	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	868	Table J
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	123	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	314	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,906	
Capital instruments subject to phase-out arrangements (only application between 1 January 2018 to 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	n/a	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	n/a	
82	Current cap on AT1 instruments subject to phase out arrangements	n/a	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	n/a	
84	Current cap on T2 instruments subject to phase out arrangements	n/a	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	n/a	

Counter Cyclical Capital Buffer

Geographic breakdown of Private Sector Credit Exposures	Hong Kong $M	Sweden $M	Norway $M	Other $M	Total $M
RWA for all private sector credit exposures	4,266	330	456	309,493	314,545
Jurisdictional buffer set by national authorities	1.875%	2.000%	2.000%	0.000%	n/a
Countercyclical buffer requirement	0.025%	0.002%	0.003%	0.000%	0.030%

[3] Includes 1.0% buffer applied by APRA to ADI's deemed as domestic systemically important.

The following table shows ANZ's consolidated balance sheet and the adjustments required to derive the Level 2 balance sheet. The adjustments remove the external assets and liabilities of the entities deconsolidated for prudential purposes and reinstate any intragroup assets and liabilities, treating them as external to the Level 2 group.

Assets	**Balance Sheet as in published financial statements ($M)**	**Adjustments ($M)**	**Balance sheet under scope of regulatory consolidation ($M)**	**Template and Reconciliation Table Reference**
Cash	82,071	(75)	81,996	
Settlement balances owed to ANZ	5,037	-	5,037	
Collateral Paid	10,863	-	10,863	
Trading securities	45,058	-	45,058	
of which: Financial Institutions capital instruments			10	Table N
of which: Investments in the capital of financial institutions				Table N
Derivative financial instruments	70,915	-	70,915	
Available-for-sale assets	70,239	(561)	69,678	
of which: Financial institutions equity instruments			981	Table I
of which: non-significant investment in financial institutions equity instruments			28	Table I
of which: Other entities equity investments			35	Table L
Net loans and advances	588,946	(1,351)	587,595	
of which: deferred fee income			(135)	Row 26c
of which: collective provision			(2,579)	Table G
of which: individual provisions			(1,016)	Table G
of which: capitalised brokerage			1,044	Table K
of which: CET1 margin lending adjustment			33	Row 26j
of which: AT1 margin lending adjustment			1	Table M
Regulatory deposits	1,229	-	1,229	
Assets held for sale	45,278	(42,179)	3,099	
of which: Goodwill			134	Table E
of which: Significant investment in a financial institution			67	Table I
of which: Deferred Tax assets			8	Table I
Due from controlled entities	-	1,501	1,501	
of which: Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation			85	Table N
Shares in controlled entities	-	4,283	4,283	
of which: Investment in deconsolidated financial subsidiaries			3,878	Table I
of which: AT1 significant investment in banking, financial and insurance entities that are outside the scope of regulatory consolidation			405	Table M
Investment in associates	2,481	2	2,483	
of which: Financial Institutions			2,482	Table I
of which: Other Entities			1	Table L
Current tax assets	15	-	15	
Deferred tax assets	840	8	848	Table J
of which: Deferred tax assets that rely on future profitability			1	Table J
Goodwill and other intangible assets	5,338	(246)	5,092	
of which: Goodwill			3,315	Table E
of which: Software			1,777	Table F
Investments backing policy liabilities	-	-	-	
Premises and equipment	1,892	3	1,895	
Other assets	4,914	(1,008)	3,906	
of which: Defined benefit superannuation fund net assets			146	
Total Assets	**935,116**	**(39,623)**	**895,493**	

Liabilities	Balance Sheet as in published financial statements ($M)	Adjustments ($M)	Balance sheet under scope of regulatory consolidation ($M)	Template and Reconciliation Table Reference
Settlement balances owed by ANZ	10,577	(1)	10,576	
Collateral Received	9,395	-	9,395	
Deposits and other borrowings	616,230	4,812	621,042	
Derivative financial instruments	70,624	-	70,624	
Due to controlled entities	-	2,007	2,007	
Current tax liabilities	371	(100)	271	
Deferred tax liabilities	258	(160)	98	Table J
of which: related to intangible assets			32	Table F
of which: related to capitalised expenses			6	Table K
of which: related to defined benefit super assets			29	Table H
Liabilities held for sale	44,773	(43,817)	956	
Policy liabilities	-	-	-	
External unit holder liabilities	-	-	-	
Provisions	1,110	(43)	1,067	
Payables and other liabilities	7,442	(786)	6,656	
Debt Issuances	97,576	(1,366)	96,210	
Subordinated Debt	17,260	9	17,269	
of which: Directly issued qualifying Additional Tier 1 instruments			7,403	Table M
of which: Additional Tier 1 Instruments			467	Table M
of which: Directly issued capital instruments subject to phase out from Tier 2			2,240	Table N
of which: Directly issued qualifying Tier 2			6,366	Table N
Total Liabilities	**875,616**	**(39,445)**	**836,171**	
Net Assets	**59,500**	**(178)**	**59,322**	

Shareholders' equity	Balance Sheet as in published financial statements ($M)	Adjustments ($M)	Balance sheet under scope of regulatory consolidation ($M)	Template and Reconciliation Table Reference
Ordinary Share Capital	27,933	304	28,237	Table A
of which: Share reserve			206	Table A & C
Reserves	541	(98)	443	Table C
of which: Cash flow hedging reserves			117	Row 11
Retained earnings	30,900	(383)	30,517	Table B
Share capital and reserves attributable to shareholders of the Company	**59,374**	**(177)**	**59,197**	
Non-controlling interest	**126**	**(1)**	**125**	Table D
Total shareholders' equity	**59,500**	**(178)**	**59,322**	

The following reconciliation tables provide additional information on the difference between Table 1 Capital Disclosure template and the Level 2 balance sheet.

Table A		Mar 18 $M	Table 1 Reference
	Issued capital	28,237	
less	Reclassification to reserves	(206)	Table C
	Regulatory Directly Issued qualifying ordinary shares	**28,031**	Row 1

Table B		Mar 18 $M	Table 1 Reference
	Retained earnings	30,517	
less	Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation	(218)	Table I
	Retained earnings	**30,299**	Row 2

Table C		Mar 18 $M	Table 1 Reference
	Reserves	443	
add	Reclassification from Issued Capital	206	Table A
less	Non qualifying reserves	(61)	
	Reserves for Regulatory capital purposes (amount allowed in group CET1)	**588**	Row 3

Table D		Mar 18 $M	Table 1 Reference
	Non-controlling interests	125	
less	Surplus capital attributable to minority shareholders	(74)	
	Ordinary share capital issued by subsidiaries and held by third parties	**51**	Row 5

Table E		Mar 18 $M	Table 1 Reference
	Goodwill	3,315	
add	Goodwill reclassed to Assets held for Sale	134	
add	Goodwill component of investments in financial associates	189	Table I
	Goodwill (net of related tax liability)	**3,638**	Row 8

Table F		Mar 18 $M	Table 1 Reference
	Software	1,777	
less	Associated deferred tax liabilities	(32)	
add	Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation	1,634	Table I
	Other intangibles other than mortgage servicing rights (net of related tax liability)	**3,379**	Row 9

Table G		Mar 18 $M	Table 1 Reference
	Qualifying collective provision		
	Collective provision	(2,579)	
less	Non-qualifying collective provision	312	
less	Standardised collective provision	123	Row 50
less	Non-defaulted expected loss	2,826	
	Non-Defaulted: Expected Loss - Eligible Provision Shortfall	682	
	Qualifying individual provision		
	Individual provision	(1,016)	
add	Additional individual provisions for partial write offs	(301)	
less	Standardised individual provision	108	
add	Collective provision on advanced defaulted	(290)	
less	Defaulted expected loss	1,503	
	Defaulted: Expected Loss - Eligible Provision Shortfall	**4**	
	Gross deduction	**686**	Row 12

Table H		Mar 18 $M	Table 1 Reference
	Defined benefit superannuation fund net assets	146	
less	Associated deferred tax liabilities	(29)	
	Defined benefit superannuation fund net assets	**117**	Row 15

Table I		Mar 18 $M	Table 1 Reference
	Investment in deconsolidated financial subsidiaries	3,878	
less	Regulatory reclassification to Retained Earnings and Other Intangible Assets	(1,852)	Tables B & F
add	Investment in financial associates	2,482	
add	Investment in financial institutions Available for Sale	981	
add	Investment in financial institutions Held for Sale	7	
less	Goodwill component of investments in financial associates	(189)	Table E
less	Amount below 10% threshold of CET 1	(5,104)	Row 73
	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	203	Row 19
add	Amount below the 10% threshold of CET 1	5,104	Row 73
add	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Held for Sale	60	
add	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Available for Sale exposures	27	
	Equity investment in financial institutions not reported in rows 18, 19 and 23	5,191	Row 26d
	Deduction for equity holdings in financial institutions - APRA regulations	**5,394**	

Table J		Mar 18 $M	Table 1 Reference
	Deferred tax assets	848	
less	Deferred tax liabilities	(98)	
add	DTL reclassed to Held for Sale	8	
	Deferred tax asset less deferred tax liabilities	**758**	
less	Deferred tax assets that rely on future profitability	(1)	Row 10
add	Deferred tax liabilities on intangible assets, capitalised expenses and defined benefit super assets	68	
add	Impact of calculating the deduction on a jurisdictional basis	43	
	Deferred tax assets not reported in rows 10, 21 and 25 of the Capital Disclosure Template	**868**	Row 26e

Table K		Mar 18 $M	Table 1 Reference
	Capitalised brokerage costs	1,044	
add	Capitalised debt and capital issuance expenses	95	
less	Associated deferred tax liabilities	(6)	
	Capitalised expenses	**1,133**	Row 26f

Table L		Mar 18 $M	Table 1 Reference
	Investments in non-financial Available for Sale equities	35	
add	Investments in non financial associates	1	
	Equity exposures to non financial entities	**36**	Row 26g

Table M		Mar 18 $M	Table 1 Reference
	Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities	7,403	
add	Issue costs	8	
add	Fair value adjustment	104	
	Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities	7,515	Row 30
	Directly issued capital instruments subject to phase out from Additional Tier 1	-	Row 33
	Additional Tier 1 instruments issued by subsidiaries held by third parties	467	
add	Issue costs	2	
less	Surplus capital attributable to third party holders	(160)	
add	AT1 Instruments issued by subsidiaries and held by third parties (amounts allowed in Group AT1)	309	Row 34
	Additional Tier 1 capital before regulatory adjustments	**7,824**	Row 36
less	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(405)	Row 40
less	Other national specific regulatory adjustments not reported	(1)	Row 41
	Additional Tier 1 capital	**7,418**	Row 44

Table N		Mar 18 $M	Table 1 Reference
	Directly issued capital instruments subject to phase out from Tier 2	2,240	
add	Issue costs	20	
less	Amortisation of Tier 2 Capital Instruments subject to phase out	(723)	
add	Fair value adjustment	86	
less	Transition adjustment	-	
	Directly issued capital instruments subject to phase out from Tier 2	1,623	Row 47
less	Surplus capital attributable to third party holders	64	
add	Directly issued qualifying Tier 2 instruments	6,366	Row 46
add	Provisions	123	Table G
	Tier 2 capital before regulatory adjustments	8,176	Row 51
less	Investments in own Tier 2 instruments (trading limit)	(10)	Row 52
less	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	(85)	Row 55
less	Investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	(41)	Row 56b
	Tier 2 capital	**8,040**	Row 58

The following table provides details of entities included within the accounting scope of consolidation but excluded from regulatory consolidation.

Entity	Activity	Total Assets ($M)	Total Liabilities ($M)
ACN 008 647 185 Pty Ltd	Holding Company	-	-
ANZ ILP Pty Ltd	Incorporated Legal Practice	2	-
ANZ Investment Services (New Zealand) Limited	Funds Management	44	15
ANZ Lenders Mortgage Insurance Pty Limited	Mortgage insurance	1,165	745
ANZ Life Assurance Company Pty Ltd	Insurance	-	-
ANZ New Zealand Investments Limited	Funds Management	138	38
ANZ New Zealand Investments Nominees Limited	Nominee	-	-
ANZ Self Managed Super Ltd	Investment	-	-
ANZ Wealth Alternative Investments Management Pty Ltd	Investment	1,066	1,063
ANZ Wealth Australia Limited	Holding Company	2,790	-
ANZ Wealth New Zealand Limited	Holding Company	483	-
ANZcover Insurance Private Ltd	Captive-Insurance	91	65
AUT Administration Pty Ltd	Dormant	-	-
Capricorn Financial Advisers Pty Ltd	Advice	-	-
Elders Financial Planning Pty Ltd	Advice	4	1
Financial Investment Network Group Pty Ltd	Advice	109	8
Financial Lifestyle Solutions Pty Limited	Advice	4	1
Financial Planning Hotline Pty Ltd	Advice	-	-
Financial Services Partners Holdings Pty Limited	Holding Company / Advice	2	-
Financial Services Partners Incentive Co Pty Limited	Advice	-	-
Financial Services Partners Management Pty Limited	Advice	-	-
Financial Services Partners Pty Ltd	Advice	1	1
FSP Funds Management Limited	Advice	-	-
FSP Group Pty Limited	Holding Company / Advice	27	1
FSP Portfolio Administration Limited	Advice	-	-
FSP Super Pty Limited	Advice	-	-
Integrated Networks Pty Limited	Holding Company / Advice	44	-
Kingfisher Trust 2016-1	Securitisation Trust	1,378	1,378
Looking Together Pty Ltd	Property price information	-	-
Mercantile Mutual Financial Services Pty Ltd	Investment	-	-
Millennium 3 Financial Services Group Pty Ltd	Advice	20	(7)
Millennium 3 Financial Services Pty Ltd	Advice	7	1
Millennium 3 Mortgage Platform Services Pty Limited	Advice	-	-
Millennium 3 Professional Services Pty Ltd	Advice	1	-
OASIS Asset Management Limited	Investment	10	2
OASIS Fund Management Limited	Superannuation	8	2
OneAnswer Nominees Limited	Nominee	-	-
OnePath Administration Pty Ltd	Service company	94	47
OnePath Custodians Pty Ltd	Superannuation	47	2
OnePath Financial Planning Pty Ltd	Advice	1	-
OnePath Funds Management Limited	Investment	55	18
OnePath General Insurance Pty Ltd	Insurance	120	80
OnePath Investment Holdings Pty Ltd	Investment	7	-
OnePath Life (NZ) Limited	Insurance	924	344
OnePath Life Australia Holdings Pty Ltd	Holding Company	2,770	-
OnePath Life Limited	Insurance	41,441	38,927
Polaris Financial Solutions Pty Limited	Advice	-	1
RI Advice Group Pty Ltd	Advice	6	(6)
RI Central Coast Pty Ltd	Advice	-	-
RI Gold Coast Pty Ltd	Advice	-	-

Entity	Activity	Total Assets ($M)	Total Liabilities ($M)
RI Maroochydore Pty Ltd	Advice	-	-
RI Newcastle Pty Ltd	Advice	1	-
RI Parramatta Pty Ltd	Advice	-	-
RI Rockhampton & Gladstone Pty Ltd	Advice	-	-
RI Townsville Pty Ltd	Advice	-	-
Rieas Pty Ltd	Advice	-	-
Shout for Good Pty Ltd	Digital Fundraising	-	-
Tandem Financial Advice Pty Limited	Advice	-	-
Union Investment Company Pty Limited	Advice	-	-

Table 2 Main features of capital instruments

As the main feature of ANZ's capital instruments are updated on an ongoing basis, ANZ has provided this information separately in the Regulatory Disclosures section of its website shareholder.anz.com/pages/regulatory-disclosure.

Table 3 Capital adequacy, Table 4 Credit risk, Table 5 Securitisation

The above tables are produced at the quarters ending 30 June and 31 December.

Table 6 Capital adequacy - Capital Ratio and Risk Weighted Assets

The following table provides the composition of capital used for regulatory purposes and capital adequacy ratios.

Risk weighted assets (RWA)	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	123,253	121,915	127,544
Sovereign	6,896	7,555	6,718
Bank	15,129	13,080	14,267
Residential Mortgage	99,560	96,267	86,218
Qualifying Revolving Retail	6,845	7,059	7,513
Other Retail	30,769	31,077	31,004
Credit risk weighted assets subject to Advanced IRB approach	**282,452**	**276,953**	**273,264**
Credit risk Specialised Lending exposures subject to slotting approach[4]	**32,065**	**31,845**	**33,896**
Subject to Standardised approach			
Corporate	15,105	13,365	16,264
Residential Mortgage	321	950	2,354
Other Retail	102	2,000	3,131
Credit risk weighted assets subject to Standardised approach	**15,528**	**16,315**	**21,749**
Credit Valuation Adjustment and Qualifying Central Counterparties	**7,864**	**7,269**	**8,168**
Credit risk weighted assets relating to securitisation exposures	1,728	1,083	1,171
Other assets	3,185	3,369	3,561
Total credit risk weighted assets	**342,822**	**336,834**	**341,809**
Market risk weighted assets	6,558	5,363	6,323
Operational risk weighted assets	37,378	37,305	38,576
Interest rate risk in the banking book (IRRBB) risk weighted assets	9,019	11,611	10,332
Total risk weighted assets	**395,777**	**391,113**	**397,040**
Capital ratios (%)[5]			
Level 2 Common Equity Tier 1 capital ratio	**11.0%**	**10.6%**	**10.1%**
Level 2 Tier 1 capital ratio	**12.9%**	**12.6%**	**12.1%**
Level 2 Total capital ratio	**14.9%**	**14.8%**	**14.5%**
Level 1: Extended licensed Common Equity Tier 1 capital ratio	**10.9%**	**10.5%**	**10.2%**
Level 1: Extended licensed entity Tier 1 capital ratio	**12.9%**	**12.7%**	**12.3%**
Level 1: Extended licensed entity Total capital ratio	**15.1%**	**14.8%**	**14.8%**
Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary:			
ANZ Bank New Zealand Limited –Common Equity Tier 1 capital ratio	**11.0%**	**10.7%**	**10.2%**
ANZ Bank New Zealand Limited - Tier 1 capital ratio	**14.4%**	**14.1%**	**13.5%**
ANZ Bank New Zealand Limited - Total capital ratio	**14.4%**	**14.4%**	**13.8%**

[4] Specialised Lending exposures subject to slotting approach are those where the main servicing and repayment is from the asset being financed, and includes specified commercial property development/investment lending, project finance and object finance.

[5] ANZ Bank New Zealand Limited’s capital ratios have been calculated in accordance with Reserve Bank of New Zealand prudential standards

Credit Risk Weighted Assets (CRWA)

Total CRWA increased $6.0 billion (1.8%) from September 2017 to $342.8 billion at March 2018. This was due to a combination of volume growth driven by Institutional as well as Australia home loans and foreign exchange movements, offset by Retail Asia divestments and contraction to SME Lending in Australia and New Zealand.

Market Risk, Operational Risk and IRRBB RWA

Traded Market Risk RWA increase $1.2billion driven by increased exposure to stressed market conditions.

IRRBB RWA decreased $2.6 billion over the half due to a reduction in Repricing and Yield Curve risk.

The Operational Risk RWA remained relatively unchanged since September 2017 reflecting minimal change in the ANZ operational risk profile.

Chapter 4 – Credit risk

Exposure at Default in Table 7 represents credit exposure net of offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. It includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures.

Table 7(b) part (i): Period end and average Exposure at Default [6]

	Mar 18				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for half year $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Corporate	123,253	237,791	234,083	68	142
Sovereign	6,896	141,282	136,378	-	-
Bank	15,129	48,668	46,604	-	-
Residential Mortgage	99,560	376,082	371,376	42	24
Qualifying Revolving Retail	6,845	19,331	20,693	92	139
Other Retail	30,769	41,580	41,766	197	287
Total Advanced IRB approach	**282,452**	**864,734**	**850,900**	**399**	**592**
Specialised Lending	**32,065**	**37,860**	**37,533**	**(4)**	**4**
Standardised approach					
Corporate	15,105	16,228	15,342	-	16
Residential Mortgage	321	681	1,565	2	1
Other Retail	102	101	1,045	33	38
Total Standardised approach	**15,528**	**17,010**	**17,952**	**35**	**55**
Credit Valuation Adjustment and Qualifying Central Counterparties	**7,864**	**10,591**	**10,255**	-	-
Total	**337,909**	**930,195**	**916,640**	**430**	**651**

[6] Average Exposure at Default for half year is calculated as the simple average of the balances at the start and the end of each six month period.

	Sep 17				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for half year $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Corporate	121,915	230,375	229,522	75	178
Sovereign	7,555	131,473	131,139	-	-
Bank	13,080	44,540	45,128	5	8
Residential Mortgage	96,267	366,669	360,679	42	20
Qualifying Revolving Retail	7,059	22,055	22,164	118	137
Other Retail	31,077	41,951	42,039	245	275
Total Advanced IRB approach	**276,953**	**837,063**	**830,671**	**485**	**618**
Specialised Lending	**31,845**	**37,205**	**37,951**	**(4)**	**2**
Standardised approach					
Corporate	13,365	14,455	15,661	(1)	80
Residential Mortgage	950	2,448	4,462	2	1
Other Retail	2,000	1,988	2,638	72	90
Total Standardised approach	**16,315**	**18,891**	**22,761**	**73**	**171**
Credit Valuation Adjustment and Qualifying Central Counterparties	**7,269**	**9,919**	**9,838**	-	-
Total	**332,382**	**903,078**	**901,221**	**554**	**791**

	Mar 17				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for half year $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Corporate	127,544	228,669	228,993	289	314
Sovereign	6,718	130,805	125,869	(1)	4
Bank	14,267	45,715	47,295	3	-
Residential Mortgage	86,218	354,689	351,541	35	22
Qualifying Revolving Retail	7,513	22,273	22,334	104	141
Other Retail	31,004	42,126	42,209	239	270
Total Advanced IRB approach	**273,264**	**824,277**	**818,241**	**669**	**751**
Specialised Lending	**33,896**	**38,696**	**39,577**	**(3)**	**4**
Standardised approach					
Corporate	16,264	16,866	19,060	35	44
Residential Mortgage	2,354	6,476	6,664	-	1
Other Retail	3,131	3,288	3,284	86	102
Total Standardised approach	**21,749**	**26,630**	**29,008**	**121**	**147**
Credit Valuation Adjustment and Qualifying Central Counterparties	**8,168**	**9,756**	**10,102**	-	-
Total	**337,077**	**899,359**	**896,928**	**787**	**902**

Table 7(b) part(ii): Exposure at Default by portfolio type [7]

Portfolio Type	Mar 18 $M	Sep 17 $M	Mar 17 $M	Average for half year Mar 18 $M
Cash	37,994	26,123	33,613	32,059
Contingents liabilities, commitments, and other off-balance sheet exposures	152,263	153,775	153,607	153,019
Derivatives	43,357	38,922	40,393	41,139
Settlement Balances	18,524	21,532	18,433	20,028
Investment Securities	69,149	66,802	58,578	67,976
Net Loans, Advances & Acceptances	582,380	568,089	565,027	575,235
Other assets	2,873	2,558	3,411	2,716
Trading Securities	23,655	25,277	26,297	24,466
Total exposures	**930,195**	**903,078**	**899,359**	**916,638**

[7] Average for half year is calculated as the simple average of the balances at the start and the end of each six month period.

Table 7(c): Geographic distribution of Exposure at Default

	Mar 18			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	130,966	46,025	77,028	**254,019**
Sovereign	49,482	12,288	79,512	**141,282**
Bank	22,776	4,702	21,190	**48,668**
Residential Mortgage	297,892	78,190	681	**376,763**
Qualifying Revolving Retail	19,331	-	-	**19,331**
Other Retail	29,249	12,331	101	**41,681**
Qualifying Central Counterparties	7,561	1,321	1,709	**10,591**
Specialised Lending	26,633	11,154	73	**37,860**
Total exposures	**583,890**	**166,011**	**180,294**	**930,195**

	Sep 17			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	126,446	45,605	72,779	**244,830**
Sovereign	47,632	11,306	72,535	**131,473**
Bank	19,697	4,620	20,223	**44,540**
Residential Mortgage	291,868	74,801	2,448	**369,117**
Qualifying Revolving Retail	22,055	-	-	**22,055**
Other Retail	30,140	11,811	1,988	**43,939**
Qualifying Central Counterparties	6,790	1,346	1,783	**9,919**
Specialised Lending	26,331	10,749	125	**37,205**
Total exposures	**570,959**	**160,238**	**171,881**	**903,078**

	Mar 17			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	122,728	45,911	76,896	**245,535**
Sovereign	47,939	8,230	74,636	**130,805**
Bank	20,686	4,430	20,599	**45,715**
Residential Mortgage	281,972	72,717	6,476	**361,165**
Qualifying Revolving Retail	22,273	-	-	**22,273**
Other Retail	30,459	11,687	3,268	**45,414**
Qualifying Central Counterparties	6,479	1,751	1,526	**9,756**
Specialised Lending	27,905	10,676	115	**38,696**
Total exposures	**560,441**	**155,402**	**183,516**	**899,359**

Table 7(d): Industry distribution of Exposure at Default [8] [9]

	Mar 18														
Portfolio Type	**Agriculture, Forestry, Fishing & Mining $M**	**Business Services $M**	**Construction $M**	**Electricity, Gas & Water Supply $M**	**Entertainment, Leisure & Tourism $M**	**Financial, Investment & Insurance $M**	**Government and Official Institutions $M**	**Manufacturing $M**	**Personal $M**	**Property Services $M**	**Wholesale Trade $M**	**Retail Trade $M**	**Transport & Storage $M**	**Other $M**	**Total $M**
Corporate	43,623	9,941	5,678	9,461	13,456	37,230	2,849	37,790	730	19,685	24,776	13,405	16,109	19,286	**254,019**
Sovereign	1,095	-	28	773	-	73,584	62,706	1,048	-	1,420	13	-	344	271	**141,282**
Bank	2	4	1	27	-	48,465	-	13	-	-	27	2	127	-	**48,668**
Residential Mortgage	-	-	-	-	-	-	-	-	376,763	-	-	-	-	-	**376,763**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	19,331	-	-	-	-	-	**19,331**
Other Retail	3,174	2,956	4,100	105	2,318	691	16	1,661	14,453	1,244	1,257	4,177	1,401	4,128	**41,681**
Qualifying Central Counterparties	-	-	-	-	-	10,591	-	-	-	-	-	-	-	-	**10,591**
Specialised Lending	815	6	375	1,599	67	1	-	1	-	33,561	17	16	955	447	**37,860**
Total exposures	**48,709**	**12,907**	**10,182**	**11,965**	**15,841**	**170,562**	**65,571**	**40,513**	**411,277**	**55,910**	**26,090**	**17,600**	**18,936**	**24,132**	**930,195**
% of Total	*5.2%*	*1.4%*	*1.1%*	*1.3%*	*1.7%*	*18.4%*	*7.0%*	*4.4%*	*44.2%*	*6.0%*	*2.8%*	*1.9%*	*2.0%*	*2.6%*	*100.0%*

[8] Property Services includes Commercial property operators, Residential property operators, Retirement village operators/developers, Real estate agents, Non-financial asset investors and Machinery and equipment hiring and leasing.

[9] Other industry includes Health & Community Services, Education, Communication Services and Personal & Other Services.

	Sep 17														
Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Electricity, Gas & Water Supply $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	41,333	9,746	5,468	9,461	13,109	33,600	3,027	36,912	870	18,919	24,289	13,526	15,177	19,393	**244,830**
Sovereign	1,075	-	29	524	1	65,694	61,576	856	-	1,026	16	-	370	306	**131,473**
Bank	132	49	34	25	4	44,119	-	65	-	-	39	-	43	30	**44,540**
Residential Mortgage	-	-	-	-	-	-	-	-	369,117	-	-	-	-	-	**369,117**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	22,055	-	-	-	-	-	**22,055**
Other Retail	3,257	2,951	4,135	110	2,376	713	15	1,650	16,511	1,278	1,259	4,288	1,442	3,954	**43,939**
Qualifying Central Counterparties	-	-	-	-	-	9,919	-	-	-	-	-	-	-	-	**9,919**
Specialised Lending	807	7	181	1,696	232	1	-	1	-	32,824	14	16	708	718	**37,205**
Total exposures	**46,604**	**12,753**	**9,847**	**11,816**	**15,722**	**154,046**	**64,618**	**39,484**	**408,553**	**54,047**	**25,617**	**17,830**	**17,740**	**24,401**	**903,078**
% of Total	*5.2%*	*1.4%*	*1.1%*	*1.3%*	*1.7%*	*17.1%*	*7.2%*	*4.4%*	*45.1%*	*6.0%*	*2.8%*	*2.0%*	*2.0%*	*2.7%*	*100.0%*

	Mar 17														
Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Electricity, Gas & Water Supply $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	43,336	9,300	5,634	9,778	12,937	26,787	2,890	41,265	1,946	18,950	24,415	13,938	15,895	18,464	**245,535**
Sovereign	1,462	1	32	627	1	74,814	51,855	939	1	413	21	-	405	234	**130,805**
Bank	176	5	35	62	4	45,331	-	19	-	-	58	10	1	14	**45,715**
Residential Mortgage	-	-	-	-	-	-	-	-	361,165	-	-	-	-	-	**361,165**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	22,273	-	-	-	-	-	**22,273**
Other Retail	3,363	2,879	4,092	106	2,382	710	15	1,629	18,042	1,311	1,246	4,336	1,455	3,848	**45,414**
Qualifying Central Counterparties	-	-	-	-	-	9,756	-	-	-	-	-	-	-	-	**9,756**
Specialised Lending	927	4	36	1,619	278	1	-	1	-	34,267	14	2	879	668	**38,696**
Total exposures	**49,264**	**12,189**	**9,829**	**12,192**	**15,602**	**157,399**	**54,760**	**43,853**	**403,427**	**54,941**	**25,754**	**18,286**	**18,635**	**23,228**	**899,359**
% of Total	*5.5%*	*1.4%*	*1.1%*	*1.4%*	*1.7%*	*17.4%*	*6.1%*	*4.9%*	*44.8%*	*6.1%*	*2.9%*	*2.0%*	*2.1%*	*2.6%*	*100.0%*

Table 7(e): Residual contractual maturity of Exposure at Default[10]

Portfolio Type	Mar 18 < 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	112,769	125,869	15,231	150	**254,019**
Sovereign	79,422	36,023	25,837	-	**141,282**
Bank	33,167	15,078	423	-	**48,668**
Residential Mortgage	311	1,100	345,272	30,080	**376,763**
Qualifying Revolving Retail	-	-	-	19,331	**19,331**
Other Retail	14,537	7,645	19,499	-	**41,681**
Qualifying Central Counterparties	3,372	4,053	2,824	342	**10,591**
Specialised Lending	16,825	19,695	1,290	50	**37,860**
Total exposures	**260,403**	**209,463**	**410,376**	**49,953**	**930,195**

Portfolio Type	Sep 17 < 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	109,154	120,769	14,746	161	**244,830**
Sovereign	66,591	40,319	24,563	-	**131,473**
Bank	30,068	14,159	313	-	**44,540**
Residential Mortgage	345	2,533	335,664	30,575	**369,117**
Qualifying Revolving Retail	-	-	-	22,055	**22,055**
Other Retail	15,462	8,289	19,758	430	**43,939**
Qualifying Central Counterparties	3,103	3,771	2,704	341	**9,919**
Specialised Lending	16,160	19,985	1,010	50	**37,205**
Total exposures	**240,883**	**209,825**	**398,758**	**53,612**	**903,078**

Portfolio Type	Mar 17 < 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	101,298	129,007	15,063	167	**245,535**
Sovereign	70,734	30,109	29,962	-	**130,805**
Bank	30,075	15,295	345	-	**45,715**
Residential Mortgage	337	6,355	323,327	31,146	**361,165**
Qualifying Revolving Retail	-	-	-	22,273	**22,273**
Other Retail	16,332	8,423	20,055	604	**45,414**
Qualifying Central Counterparties	3,202	3,654	2,552	348	**9,756**
Specialised Lending	15,353	22,100	1,192	51	**38,696**
Total exposures	**237,331**	**214,943**	**392,496**	**54,589**	**899,359**

[10] No Maturity Specified predominately includes credit cards and residential mortgage equity manager accounts.

Table 7(f) part (i): Impaired assets[11] [12], Past due loans[13], Provisions and Write-offs by Industry sector

	Mar 18					
Industry Sector	**Impaired derivatives $M**	**Impaired loans/ facilities $M**	**Past due loans ≥ 90 days $M**	**Individual provision balance $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Agriculture, Forestry, Fishing & Mining	-	459	92	169	(5)	39
Business Services	-	81	40	32	17	18
Construction	-	157	64	73	16	69
Electricity, gas and water supply	-	1	1	1	-	1
Entertainment Leisure & Tourism	-	127	55	45	17	29
Financial, Investment & Insurance	-	103	14	68	58	5
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	-	193	23	130	18	22
Personal	-	641	2,351	298	263	353
Property Services	-	60	38	28	3	5
Retail Trade	-	145	72	67	35	30
Transport & Storage	-	73	20	22	(13)	10
Wholesale Trade	-	86	20	46	4	19
Other	-	81	75	37	17	51
Total	**-**	**2,207**	**2,865**	**1,016**	**430**	**651**

[11] Impaired derivatives are net of credit value adjustment (CVA) of $36 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2017: $42 million; March 2017: $55 million).

[12] Impaired loans / facilities include restructured items of $76 million for customer facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk (September 2017: $167 million; March 2017: $367 million).

[13] For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans > 90 days to impaired loans / facilities.

	Sep 17					
Industry Sector	**Impaired derivatives $M**	**Impaired loans/ facilities $M**	**Past due loans ≥90 days $M**	**Individual provision balance $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Agriculture, Forestry, Fishing & Mining	-	545	110	203	(14)	62
Business Services	-	109	31	31	(7)	15
Construction	-	225	71	125	48	16
Electricity, gas and water supply	-	2	2	1	1	1
Entertainment Leisure & Tourism	-	144	45	59	16	33
Financial, Investment & Insurance	-	29	30	14	6	10
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	-	219	26	137	36	93
Personal	-	745	2,177	307	369	421
Property Services	-	50	39	28	(14)	14
Retail Trade	-	129	90	62	25	19
Transport & Storage	-	144	25	33	8	10
Wholesale Trade	-	121	28	65	48	55
Other	-	119	82	71	32	42
Total	**-**	**2,581**	**2,756**	**1,136**	**554**	**791**

	Mar 17					
Industry Sector	**Impaired derivatives $M**	**Impaired loans/ facilities $M**	**Past due loans ≥90 days $M**	**Individual provision balance $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Agriculture, Forestry, Fishing & Mining	-	867	150	265	19	25
Business Services	-	85	31	51	16	17
Construction	-	173	62	96	21	22
Electricity, gas and water supply	-	2	1	2	-	-
Entertainment Leisure & Tourism	-	120	45	58	26	27
Financial, Investment & Insurance	1	40	19	16	7	6
Government & Official Institutions	-	-	-	-	-	4
Manufacturing	5	347	30	201	12	82
Personal	-	839	1,961	276	358	435
Property Services	-	90	57	42	-	10
Retail Trade	1	115	77	59	20	36
Transport & Storage	-	167	24	39	30	12
Wholesale Trade	3	129	20	71	211	209
Other	-	158	92	93	67	17
Total	**10**	**3,132**	**2,569**	**1,269**	**787**	**902**

Table 7(f) part (ii): Impaired asset, Past due loans, Provisions and Write-offs

Mar 18	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Individual provision charge for half year $M	Write-offs for half year $M
Portfolios subject to Advanced IRB approach						
Corporate	-	997	140	456	68	142
Sovereign	-	-	-	3	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	272	2,333	144	42	24
Qualifying Revolving Retail	-	88	-	5	92	139
Other Retail	-	545	336	260	197	287
Total Advanced IRB approach	**-**	**1,902**	**2,809**	**868**	**399**	**592**
Specialised Lending	**-**	**28**	**17**	**9**	**(4)**	**4**
Portfolios subject to Standardised approach						
Corporate	-	237	23	127	-	16
Residential Mortgage	-	25	12	10	2	1
Other Retail	-	15	4	2	33	38
Total Standardised approach	**-**	**277**	**39**	**139**	**35**	**55**
Qualifying Central Counterparties						
Total	**-**	**2,207**	**2,865**	**1,016**	**430**	**651**

Sep 17	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Individual provision charge for half year $M	Write-offs for half year $M
Portfolios subject to Advanced IRB approach						
Corporate	-	1,193	175	520	75	178
Sovereign	-	-	-	3	-	-
Bank	-	-	10	-	5	8
Residential Mortgage	-	259	2,166	126	42	20
Qualifying Revolving Retail	-	99	-	18	118	137
Other Retail	-	586	325	299	245	275
Total Advanced IRB approach	**-**	**2,137**	**2,676**	**966**	**485**	**618**
Specialised Lending	**-**	**25**	**21**	**17**	**(4)**	**2**
Portfolios subject to Standardised approach						
Corporate	-	273	34	140	(1)	80
Residential Mortgage	-	25	19	10	2	1
Other Retail	-	121	6	3	72	90
Total Standardised approach	**-**	**419**	**59**	**153**	**73**	**171**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**2,581**	**2,756**	**1,136**	**554**	**791**

	Mar 17					
	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Individual provision charge for half year $M	Write-offs for half year $M
Portfolios subject to Advanced IRB approach						
Corporate	1	1,569	207	614	289	314
Sovereign	-	-	-	3	(1)	4
Bank	-	13	11	3	3	-
Residential Mortgage	-	231	1,962	104	35	22
Qualifying Revolving Retail	-	88	-	-	104	141
Other Retail	-	552	291	289	239	270
Total Advanced IRB approach	**1**	**2,453**	**2,471**	**1,013**	**669**	**751**
Specialised Lending	**-**	**39**	**30**	**19**	**(3)**	**4**
Portfolios subject to Standardised approach						
Corporate	9	382	42	222	35	44
Residential Mortgage	-	31	18	9	-	1
Other Retail	-	227	8	6	86	102
Total Standardised approach	**9**	**640**	**68**	**237**	**121**	**147**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**10**	**3,132**	**2,569**	**1,269**	**787**	**902**

Table 7(g): Impaired assets[14] [15], Past due loans[16] and Provisions[17] by Geography

	Mar 18				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	-	1,510	2,647	668	1,822
New Zealand	-	361	178	165	393
Asia Pacific, Europe and America	-	336	40	183	364
Total	**-**	**2,207**	**2,865**	**1,016**	**2,579**

	Sep 17				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	-	1,723	2,519	791	1,810
New Zealand	-	359	168	141	398
Asia Pacific, Europe and America	-	499	69	204	454
Total	**-**	**2,581**	**2,756**	**1,136**	**2,662**

	Mar 17				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	1	1,705	2,347	777	1,830
New Zealand	1	488	144	158	411
Asia Pacific, Europe and America	8	939	78	334	544
Total	**10**	**3,132**	**2,569**	**1,269**	**2,785**

[14] Impaired derivatives are net of credit value adjustment (CVA) of $36 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2017: $42 million; March 2017: $55 million).

[15] Impaired loans / facilities include restructured items of $76 million for customer facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk (September 2017: $167 million; March 2017: $367 million).

[16] For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans > 90 days to impaired loans / facilities.

[17] Due to definitional differences, there is a variation in the split between ANZ's Individual Provision and Collective Provision for accounting purposes and the Specific Provision and General Reserve for Credit Losses (GRCL) for regulatory purposes. This does not impact total provisions, and essentially relates to the classification of collectively assessed provisions on defaulted accounts. The disclosures in this document are based on Individual Provision and Collective Provision, for ease of comparison with other published results.

Table 7(h): Provision for Credit Impairment

Collective Provision	Half year Mar 18 $M	Half year Sep 17 $M	Half year Mar 17 $M
Balance at start of period	2,662	2,785	2,876
Charge/(release) to income statement	(22)	(75)	(67)
Adjustments for exchange rate fluctuations	18	(9)	(24)
Asia Retail and Wealth divestment	(79)	(39)	-
Total Collective Provision	**2,579**	**2,662**	**2,785**
Individual Provision			
Balance at start of period	1,136	1,269	1,307
New and increased provisions	728	948	1,121
Write-backs	(191)	(280)	(221)
Adjustment for exchange rate fluctuations	5	(2)	(12)
Discount unwind	(7)	(8)	(24)
Bad debts written off	(651)	(791)	(902)
Asia Retail and Wealth divestment	(4)	-	-
Total Individual Provision	**1,016**	**1,136**	**1,269**
Total Provisions for Credit Impairment	**3,595**	**3,798**	**4,054**

Table 7(j): Specific Provision Balance and General Reserve for Credit Losses[18]

	Mar 18		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	312	2,267	2,579
Individual Provision	1,016	-	1,016
Total Provision for Credit Impairment	**1,328**	**2,267**	**3,595**

	Sep 17		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	352	2,310	2,662
Individual Provision	1,136	-	1,136
Total Provision for Credit Impairment	**1,488**	**2,310**	**3,798**

	Mar 17		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	350	2,435	2,785
Individual Provision	1,269	-	1,269
Total Provision for Credit Impairment	**1,619**	**2,435**	**4,054**

[18] Due to definitional differences, there is a variation in the split between ANZ's Individual Provision and Collective Provision for accounting purposes and the Specific Provision and General Reserve for Credit Losses (GRCL) for regulatory purposes. This does not impact total provisions, and essentially relates to the classification of collectively assessed provisions on defaulted accounts. The disclosures in this document are based on Individual Provision and Collective Provision, for ease of comparison with other published results.

Table 8 Credit risk – Disclosures for portfolios subject to the Standardised approach and supervisory risk weights in the IRB approach

Table 8(b): Exposure at Default by risk bucket[19]

Risk weight

Standardised approach exposures	Mar 18 $M	Sep 17 $M	Mar 17 $M
0%	-	-	-
20%	255	308	219
35%	344	2,030	6,061
50%	2,462	2,336	1,927
75%	-	5	6
100%	13,643	14,000	18,118
150%	303	215	300
>150%	3	4	4
Capital deductions	-	-	-
Total	**17,010**	**18,898**	**26,635**

Other Asset exposures			
0%	-	-	-
20%	907	947	954
35%	-	-	-
50%	-	-	-
75%	-	-	-
100%	3,004	3,179	3,370
150%	-	-	-
>150%	-	-	-
Capital deductions	-	-	-
Total	**3,911**	**4,126**	**4,324**

Specialised Lending exposures			
0%	99	120	122
70%	15,983	13,935	13,211
90%	19,164	19,659	21,383
115%	2,153	3,207	3,367
250%	461	284	613
Total	**37,860**	**37,205**	**38,696**

[19] Table 8(b) shows exposure at default post credit risk mitigation in each risk category.

Table 9 Credit risk – Disclosures for portfolios subject to Advanced IRB approaches

Portfolios subject to the Advanced IRB (AIRB) approach

The following table summarises the types of borrowers and the rating approach adopted within each of ANZ's AIRB portfolios:

IRB Asset Class	Borrower Type	Rating Approach
Corporate	Corporations, partnerships or proprietorships that do not fit into any other asset class	AIRB
Sovereign	Central governments Central banks Certain multilateral development banks	AIRB
Bank	Banks[20] In Australia only, other authorised deposit taking institutions (ADI) incorporated in Australia	AIRB
Residential mortgages	Exposures secured by residential property	AIRB
Qualifying revolving retail	Consumer credit cards <$100,000 limit	AIRB
Other retail	Small business lending Other lending to consumers	AIRB
Specialised Lending	Income Producing Real Estate[21] Project finance Object finance	AIRB – Supervisory Slotting[22]
Other assets	All other assets not falling into the above classes e.g. margin lending, fixed assets	AIRB – fixed risk weights

In addition, ANZ has applied the Standardised approach to some portfolio segments (mainly retail and local corporates in Asia Pacific) where currently available data does not enable development of advanced internal models for PD, LGD and EAD estimates. Under the Standardised approach, exposures are mapped to several regulatory risk weights, mainly based on the type of counterparty and its external rating. For these counterparties, external ratings by Standard & Poor's and Moody's Investors Service are used as inputs into the RWA calculation. As described in the section on the ANZ rating system, ANZ has mapped its master scale to the grading of these two External Credit Assessment Institutions (ECAIs).

ANZ applies its full normal risk measurement and management framework to these segments for internal management purposes, such as for economic capital. Standardised segments will be migrated to AIRB if they reach a volume that generates sufficient data for development of advanced internal models.

ANZ has not applied the Foundation IRB approach to any portfolios.

The ANZ rating system

As an AIRB bank, ANZ's internal models generate the inputs into regulatory capital adequacy to determine the risk weighted exposure calculations for both on and off-balance sheet exposures, including undrawn portions of credit facilities, committed and contingent exposures and EL calculations. ANZ's internal models are used to generate the three key risk components that serve as inputs to the IRB approach to credit risk:

- PD is an estimate of the level of the risk of borrower default. Borrower ratings are derived by way of rating models used both at loan origination and for ongoing monitoring.
- EAD is defined as the expected facility exposure at the date of default.

[20] The IRB asset classification of investment banks is Corporate, rather than Bank.

[21] Since 2009, APRA has agreed that some large, well-diversified commercial property exposures may be treated as corporate exposures, in line with the original Basel Committee's definition of Specialised Lending.

[22] ANZ uses an internal assessment which is mapped to the appropriate Supervisory Slot.

- LGD is an estimate of the potential economic loss on a credit exposure, incurred as a consequence of obligor default and expressed as a percentage of the facility's EAD. When measuring economic loss, all relevant factors are taken into account, including material effects of the timing of cash flows and material direct and indirect costs associated with collecting on the exposure, including realisation of collateral.

Effective maturity is also calculated as an input to the risk weighted exposure calculation for bank, sovereign and corporate IRB asset classes.

ANZ's rating system has two separate and distinct dimensions that:

- Measure the PD, which is expressed by the Customer Credit Rating (CCR), reflecting the ability to service and repay debt.
- Measure the LGD as expressed by the Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which can be realised in the event of default. This calculation uses standard ratios to adjust the current market value of collateral items to allow for historical realisation outcomes. The security-related SIs are supplemented with a range of other SIs which cover such factors as cash cover, mezzanine finance, intra-group guarantees and sovereign backing as ANZ's LGD research indicates that these transaction characteristics have different recovery outcomes. ANZ's LGD also includes recognition of the different legal and insolvency regimes in different countries, where this has been shown to influence recovery outcomes.

ANZ's corporate PD master scale is APRA approved, and is made up of 27 rating grades. Each level/grade is separately defined and has a range of default probabilities attached to it. The PD master scale enables ANZ's rating system to be mapped to the gradings of external rating agencies, using the PD as a common element after ensuring that default definitions and other key attributes are aligned. The following table demonstrates this alignment (for one year PDs):

ANZ CCR	Moody's	Standard & Poor's	PD Range
0+ to 1-	Aaa to Aa3	AAA to < AA-	0.0000 - 0.0346%
2+ to 3+	A1 to Baa1	A+ to BBB+	0.0347 - 0.1636%
3= to 4+	Baa2 to > Baa3	BBB to > BB+	0.1637 - 0.4004%
4= to 6=	Ba1 to B1	BB+ to B+	0.4005 – 2.7550%
6- to 7=	B2 to B3	B to B-	2.7551 – 9.7980%
7- to 8+	Caa to Caa3	CCC+ to CCC-	9.7981 – 27.1109%
8=	Ca, C	CC, C	27.1110 – 99.9999%
8-, 9 and 10	Default	Default	100%

In the retail asset classes, most facilities utilise credit rating scores. The scores are calibrated to PDs, and used to allocate exposures to homogenous pools, along with LGD and EAD. ANZ also uses specialised PD master scale/mappings for the sovereign asset class, based predominantly on the corporate master scale.

Table 9(d): Non Retail Exposure at Default subject to Advanced Internal Ratings Based (IRB) approach[23 24 25]

	Mar 18							
	AAA < A+ $M	A+ < BBB $M	BBB < BB+ $M	BB+ < B+ $M	B+ < CCC $M	CCC $M	Default $M	Total $M
Exposure at Default								
Corporate	19,419	62,744	78,496	58,649	14,245	2,409	1,829	**237,791**
Sovereign	120,077	16,108	1,760	1,001	2,323	13	-	**141,282**
Bank	17,342	25,651	3,928	1,668	71	8	-	**48,668**
Total	**156,838**	**104,503**	**84,184**	**61,318**	**16,639**	**2,430**	**1,829**	**427,741**
% of Total	36.7%	24.4%	19.7%	14.3%	3.9%	0.6%	0.4%	100.0%
Undrawn commitments (included in above)								
Corporate	5,731	24,602	23,306	9,165	1,506	275	44	**64,629**
Sovereign	862	70	8	51	3	-	-	**994**
Bank	139	506	1	-	2	-	-	**648**
Total	**6,732**	**25,178**	**23,315**	**9,216**	**1,511**	**275**	**44**	**66,271**
Average Exposure at Default								
Corporate	6.812	7.567	1.628	0.666	0.124	0.237	0.671	**0.865**
Sovereign	158.412	413.028	34.493	8.558	27.334	6.747	-	**134.298**
Bank	7.791	5.489	8.908	6.391	1.019	0.185	-	**6.311**
Exposure-weighted average Loss Given Default (%)								
Corporate	54.7%	55.8%	46.6%	37.6%	34.3%	41.0%	47.5%	**46.7%**
Sovereign	5.4%	12.6%	38.9%	49.3%	51.1%	60.0%	-	**7.7%**
Bank	63.4%	62.4%	66.3%	67.6%	72.3%	55.6%	-	**63.3%**
Exposure-weighted average risk weight (%)								
Corporate	18.2%	32.2%	52.0%	64.2%	88.2%	196.9%	118.1%	**51.2%**
Sovereign	1.1%	3.4%	44.4%	105.2%	138.3%	267.3%	-	**4.9%**
Bank	20.7%	26.5%	68.5%	113.4%	197.3%	309.6%	-	**31.1%**

[23] In accordance with APS 330, EAD in Table 9(d) includes Advanced IRB exposures; however does not include Specialised Lending, Standardised, Securitisation, Equities or Other Assets exposures. Specialised Lending is excluded from Table 9(d) as it follows the Supervisory Slotting treatment, and a breakdown of risk weightings is provided in Table 8(b).

[24] Average EAD is calculated as total EAD post risk mitigants divided by the total number of credit risk generating exposures.

[25] Exposure-weighted average risk weight (%) is calculated as CRWA divided by EAD.

	Sep 17							
	AAA < A+ $M	A+ < BBB $M	BBB < BB+ $M	BB+ < B+ $M	B+ < CCC $M	CCC $M	Default $M	Total $M
Exposure at Default								
Corporate	20,273	59,504	72,916	59,268	14,525	1,856	2,033	**230,375**
Sovereign	107,161	18,177	2,138	1,403	2,573	21	-	**131,473**
Bank	16,773	23,248	3,055	1,371	80	2	11	**44,540**
Total	**144,207**	**100,929**	**78,109**	**62,042**	**17,178**	**1,879**	**2,044**	**406,388**
% of Total	35.5%	24.8%	19.2%	15.3%	4.2%	0.5%	0.5%	100.0%
Undrawn commitments (included in above)								
Corporate	6,621	23,372	22,802	10,088	1,448	144	52	**64,527**
Sovereign	553	85	6	56	-	-	-	**700**
Bank	15	144	23	-	1	-	-	**183**
Total	**7,189**	**23,601**	**22,831**	**10,144**	**1,449**	**144**	**52**	**65,410**
Average Exposure at Default								
Corporate	8.590	8.114	1.578	0.649	0.126	0.185	0.660	**0.836**
Sovereign	143.456	757.354	37.513	8.451	29.924	3.468	-	**121.062**
Bank	15.416	5.846	6.990	9.523	1.102	0.073	5.195	**7.747**
Exposure-weighted average Loss Given Default (%)								
Corporate	55.8%	56.6%	45.7%	39.1%	34.2%	38.0%	46.5%	**46.9%**
Sovereign	5.6%	12.2%	38.9%	50.1%	50.8%	56.3%	-	**8.4%**
Bank	63.2%	63.1%	68.8%	68.8%	73.1%	69.5%	29.6%	**63.7%**
Exposure-weighted average risk weight (%)								
Corporate	18.1%	32.7%	50.9%	67.5%	85.7%	181.4%	118.1%	**51.4%**
Sovereign	1.2%	3.2%	43.3%	107.3%	124.5%	301.2%	-	**5.8%**
Bank	20.1%	26.1%	64.8%	109.3%	190.4%	390.2%	136.2%	**29.4%**

	Mar 17							
	AAA < A+ $M	A+ < BBB $M	BBB < BB+ $M	BB+ < B+ $M	B+ < CCC $M	CCC $M	Default $M	Total $M
Exposure at Default								
Corporate	16,574	58,711	74,890	58,623	15,219	1,990	2,662	**228,669**
Sovereign	109,437	16,053	1,930	1,592	1,780	12	1	**130,805**
Bank	18,017	22,119	3,667	1,850	39	4	19	**45,715**
Total	**144,028**	**96,883**	**80,487**	**62,065**	**17,038**	**2,006**	**2,682**	**405,189**
% of Total	35.5%	23.9%	19.9%	15.3%	4.2%	0.5%	0.7%	100.0%
Undrawn commitments (included in above)								
Corporate	5,505	25,581	21,893	11,167	1,587	179	70	**65,982**
Sovereign	485	420	8	27	-	-	-	**940**
Bank	88	113	159	1	1	-	-	**362**
Total	**6,078**	**26,114**	**22,060**	**11,195**	**1,588**	**179**	**70**	**67,284**
Average Exposure at Default								
Corporate	4.853	3.494	1.446	0.598	0.175	0.264	0.853	**0.854**
Sovereign	143.242	573.322	31.643	7.369	49.434	6.101	0.204	**117.525**
Bank	14.402	2.753	5.943	6.468	0.472	0.169	2.356	**4.437**
Exposure-weighted average Loss Given Default (%)								
Corporate	55.6%	57.2%	46.7%	39.9%	34.7%	40.9%	40.2%	**47.4%**
Sovereign	5.7%	10.8%	40.4%	54.7%	47.3%	57.0%	71.0%	**8.0%**
Bank	63.4%	63.3%	66.0%	67.6%	69.5%	73.1%	34.0%	**63.7%**
Exposure-weighted average risk weight (%)								
Corporate	19.1%	34.3%	52.7%	70.1%	86.6%	200.2%	142.2%	**55.8%**
Sovereign	1.2%	3.0%	44.7%	119.4%	118.1%	356.2%	-	**5.1%**
Bank	20.7%	26.4%	68.5%	111.0%	203.3%	387.1%	146.5%	**31.2%**

Table 9(d): Retail Exposure at Default subject to Advanced Internal Ratings Based (IRB) approach by risk grade

	Mar 18							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	70,037	99,897	61,545	129,372	8,360	4,213	2,658	**376,082**
Qualifying Revolving Retail	5,799	4,005	1,590	5,184	1,902	768	83	**19,331**
Other Retail	1,107	5,603	2,440	23,055	6,253	2,149	973	**41,580**
Total	**76,943**	**109,505**	**65,575**	**157,611**	**16,515**	**7,130**	**3,714**	**436,993**
% of Total	17.6%	25.1%	15.0%	36.1%	3.8%	1.6%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	15,252	7,274	2,678	8,363	37	22	-	**33,626**
Qualifying Revolving Retail	4,250	3,026	1,019	2,304	576	88	1	**11,264**
Other Retail	829	3,569	1,587	3,209	563	81	6	**9,844**
Total	**20,331**	**13,869**	**5,284**	**13,876**	**1,176**	**191**	**7**	**54,734**
Average Exposure at Default								
Residential Mortgage	0.246	0.231	0.251	0.247	0.326	0.325	0.272	**0.245**
Qualifying Revolving Retail	0.009	0.008	0.009	0.011	0.010	0.006	0.009	**0.009**
Other Retail	0.008	0.016	0.013	0.025	0.011	0.011	0.025	**0.017**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	19.7%	18.5%	19.1%	20.8%	20.3%	20.0%	20.0%	**19.7%**
Qualifying Revolving Retail	75.5%	80.3%	77.4%	81.1%	84.5%	82.8%	83.5%	**79.3%**
Other Retail	55.6%	54.4%	73.7%	45.5%	64.9%	57.7%	48.2%	**52.2%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.9%	11.7%	19.3%	40.1%	94.3%	128.1%	193.7%	**26.1%**
Qualifying Revolving Retail	3.5%	8.1%	16.3%	44.9%	104.8%	201.2%	232.3%	**35.4%**
Other Retail	29.8%	36.7%	55.8%	59.8%	113.1%	174.4%	257.2%	**74.0%**

	Sep 17							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	68,361	96,848	59,982	126,225	8,394	4,381	2,478	**366,669**
Qualifying Revolving Retail	-	11,785	2,833	4,825	1,723	724	165	**22,055**
Other Retail	1,066	5,443	2,339	23,182	6,773	2,155	993	**41,951**
Total	**69,427**	**114,076**	**65,154**	**154,232**	**16,890**	**7,260**	**3,636**	**430,675**
% of Total	16.1%	26.5%	15.1%	35.9%	3.9%	1.7%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	15,073	7,153	2,655	9,102	37	23	1	**34,044**
Qualifying Revolving Retail	-	9,239	2,097	2,194	671	82	36	**14,319**
Other Retail	814	3,466	1,543	3,134	566	86	6	**9,615**
Total	**15,887**	**19,858**	**6,295**	**14,430**	**1,274**	**191**	**43**	**57,978**
Average Exposure at Default								
Residential Mortgage	0.243	0.227	0.245	0.242	0.319	0.315	0.268	**0.241**
Qualifying Revolving Retail	-	0.011	0.009	0.010	0.009	0.008	0.009	**0.010**
Other Retail	0.008	0.015	0.011	0.025	0.011	0.010	0.026	**0.017**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	19.8%	18.6%	19.2%	20.9%	20.4%	20.0%	20.1%	**19.8%**
Qualifying Revolving Retail	-	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	57.2%	54.7%	74.4%	45.2%	64.0%	58.1%	50.1%	**52.2%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.9%	11.8%	19.5%	40.2%	94.5%	128.3%	195.5%	**26.3%**
Qualifying Revolving Retail	-	5.2%	14.5%	39.8%	116.1%	210.4%	355.4%	**32.0%**
Other Retail	31.3%	36.8%	55.9%	59.5%	111.9%	175.4%	239.5%	**74.1%**

	Mar 17							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	70,265	157,673	36,265	71,041	10,805	6,388	2,252	**354,689**
Qualifying Revolving Retail	11,810	-	2,666	4,753	2,008	861	175	**22,273**
Other Retail	1,188	5,507	2,345	23,099	6,854	2,212	921	**42,126**
Total	**83,263**	**163,180**	**41,276**	**98,893**	**19,667**	**9,461**	**3,348**	**419,088**
% of Total	19.9%	38.9%	9.8%	23.6%	4.7%	2.3%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	6,940	17,932	1,035	7,097	193	186	1	**33,384**
Qualifying Revolving Retail	9,195	-	1,965	2,193	794	100	34	**14,281**
Other Retail	636	2,225	1,335	2,999	538	79	6	**7,818**
Total	**16,771**	**20,157**	**4,335**	**12,289**	**1,525**	**365**	**41**	**55,483**
Average Exposure at Default								
Residential Mortgage	0.246	0.226	0.217	0.251	0.279	0.282	0.247	**0.236**
Qualifying Revolving Retail	0.011	-	0.009	0.010	0.009	0.008	0.009	**0.010**
Other Retail	0.006	0.012	0.010	0.025	0.010	0.010	0.023	**0.016**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	19.8%	19.2%	19.0%	21.8%	20.3%	20.0%	20.1%	**19.9%**
Qualifying Revolving Retail	73.2%	-	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	57.7%	53.6%	74.2%	45.4%	63.7%	59.4%	50.9%	**52.3%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	9.6%	11.7%	19.6%	39.0%	111.7%	147.4%	223.1%	**24.3%**
Qualifying Revolving Retail	5.0%	-	13.9%	39.0%	113.1%	207.7%	368.2%	**33.7%**
Other Retail	29.9%	36.4%	55.9%	59.5%	110.6%	177.5%	226.8%	**73.6%**

Table 9(e): Actual Losses by portfolio type

Basel Asset Class	Half year Mar 18 Individual provision charge $M	Half year Mar 18 Write-offs $M
Corporate	68	142
Sovereign	-	-
Bank	-	-
Residential Mortgage	42	24
Qualifying Revolving Retail	92	139
Other Retail	197	287
Total Advanced IRB	**399**	**592**
Specialised Lending	(4)	4
Standardised approach	35	55
Total	**430**	**651**

Basel Asset Class	Half year Sep 17 Individual provision charge $M	Half year Sep 17 Write-offs $M
Corporate	75	178
Sovereign	-	-
Bank	5	8
Residential Mortgage	42	20
Qualifying Revolving Retail	118	137
Other Retail	245	275
Total Advanced IRB	**485**	**618**
Specialised Lending	(4)	2
Standardised approach	73	171
Total	**554**	**791**

Basel Asset Class	Half year Mar 17 Individual provision charge $M	Half year Mar 17 Write-offs $M
Corporate	289	314
Sovereign	(1)	4
Bank	3	-
Residential Mortgage	35	22
Qualifying Revolving Retail	104	141
Other Retail	239	270
Total Advanced IRB	**669**	**751**
Specialised Lending	(3)	4
Standardised approach	121	147
Total	**787**	**902**

Factors impacting the loss experience

The individual credit impairment charge decreased $124 million (-22%) primarily driven by a $112 million (-25%) decrease in the Australia division from lower new individual provisions and higher write-backs, and a $48 million (-61%) decrease in the Asia Retail & Pacific division following the progressive sale of Asia Retail and Wealth businesses. This is partially offset by an increase of $57 million in the Institutional division due to lower write-backs in the March 2018 half.

Write offs decreased $140 million primarily driven by AIRB Corporate, and Standardised reflecting the progressive sale of Asia Retail and Wealth businesses.

Table 9(f): Average estimated vs. actual PD, EAD and LGD – Advanced IRB

	Mar 18				
Portfolio Type	**Average Estimated PD %**	**Average Actual PD %**	**Average estimated to actual EAD ratio**	**Average Estimated LGD %**	**Average Actual LGD %**
Corporate	1.79	1.84	1.21	41.71	31.69
Sovereign	0.38	nil	n/a	n/a	n/a
Bank	0.68	0.08	1.02	46.00	58.30
Specialised Lending	n/a	2.17	1.05	n/a	23.65
Residential Mortgage	0.71	0.77	1.01	20.9	2.1
Qualifying Revolving Retail	2.57	1.92	1.07	74.4	71.9
Other Retail	4.06	3.59	1.05	52.7	42.3

APS 330 Table 9(f) compares internal credit risk estimates used in calculating regulatory capital with realised outcomes by portfolio types. It covers the PD, EAD and LGD estimates for the IRB portfolios.

Estimated PD and LGD for Specialised Lending exposures have not been provided, since APRA requires the use of supervisory slotting for Regulatory EL calculations. Actual PD, EAD ratio, Estimated LGD and Actual LGD for Sovereign exposures have not been provided, since there were no Sovereign defaults observed in ANZ Sovereign exposures for the observation period.

Wholesale Portfolios

The estimated PD is based on the average of the internally estimated long-run PDs for obligors that are not in default at the beginning of each financial year over the period of observation being 2009 to 2017.

The actual PD is based on the number of defaulted obligors up to February 2018 compared to the total number of obligors measured. In the September 2017 to March 2018 period, ANZ reviewed the historic default dataset and the methodology used to calculate observed default rates. This resulted in revised Corporate Average Actual PD rates moving 1.15% in September 2017, to 1.84% at March 2018, and Specialised Lending moving 1.78% to 2.17%, noting the higher observed default rates mainly come from historical years 2009-2013.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the 8 years of observation being 2009 to February 2018. A ratio greater than 1.0 signifies that on average, the actual defaulted exposures are lower than the estimated exposures at the time of default.

The estimated LGD is the downturn LGD for accounts that defaulted at the beginning of each year during the observation period being 2009 to March 2016. The actual LGD is based on the average realised losses over the period for the accounts observed at the beginning and defaulted during the observation period. For non-retail portfolios, the estimated and actual LGDs are based on accounts that defaulted up to March 2016. Defaults occurring after March 2016 have been excluded from the analysis to allow sufficient time for workouts. Actual LGD for defaults where workouts were not finalised have been estimated to approximate the final actual loss

Retail Portfolios

The estimated PD is based on the average of the internally estimated long-run PD's for obligors that are not in default at the beginning of each financial year over the period of observation being 2013 to 2017. The actual PD is based on the number of defaulted obligors up to March 2018 compared to the total number of obligors measured.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the 8 years of observation being 2013 to 2017. A ratio greater than 1.0 signifies that on average, the actual defaulted exposures are lower than the estimated exposures at the time of default.

The estimated LGD is the downturn LGD for accounts that defaulted at the beginning of each year during the observation period being 2012 to 2016. The actual LGD is based on the average realised losses over the period for the accounts observed at the beginning and defaulted during the observation period. Defaults occurring after March 2016 have been excluded from the analysis to allow sufficient time for workout period. Actual LGD for defaults where workouts were not finalised have been estimated to approximate the final actual loss.

The estimated and actual LGDs are based on accounts that defaulted in 2012 to 2016 financial years. Defaults with non-finalised workout have been excluded from the analysis.

Table 10 Credit risk mitigation disclosures

Table 10(b): Credit risk mitigation on Standardised approach portfolios – collateral [26]

	Mar 18			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	16,228	5,159	3,078	50.8%
Residential Mortgage	681	-	-	0.0%
Other Retail	101	-	-	0.0%
Total	**17,010**	**5,159**	**3,078**	**48.4%**

	Sep 17			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	14,455	5,023	2,499	52.0%
Residential Mortgage	2,448	-	-	0.0%
Other Retail	1,988	131	-	6.6%
Total	**18,891**	**5,154**	**2,499**	**40.5%**

	Mar 17			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	16,866	4,403	2,787	42.6%
Residential Mortgage	6,476	1	-	0.0%
Other Retail	3,288	95	-	2.9%
Total	**26,630**	**4,499**	**2,787**	**27.4%**

[26] Eligible Collateral could include cash collateral (cash, certificates deposits and bank bills issued by the lending ADI), gold bullion and highly rated debt securities.

Table 10(c): Credit risk mitigation – guarantees and credit derivatives

	Mar 18			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	275,651	6,790	824	2.8%
Sovereign	141,282	5,212	-	3.7%
Bank	48,668	10	-	0.0%
Residential Mortgage	376,082	-	-	0.0%
Qualifying Revolving Retail	19,331	-	-	0.0%
Other Retail	41,580	-	-	0.0%
Total	**902,594**	**12,012**	**824**	**1.4%**
Standardised approach				
Corporate	16,228	182	-	1.1%
Residential Mortgage	681	-	-	0.0%
Other Retail	101	-	-	0.0%
Total	**17,010**	**182**	**-**	**1.1%**
Qualifying Central Counterparties	**10,591**	**-**	**-**	**0.0%**

	Sep 17			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	267,580	6,824	887	2.9%
Sovereign	131,473	4,479	-	3.4%
Bank	44,540	15	-	0.0%
Residential Mortgage	366,669	-	-	0.0%
Qualifying Revolving Retail	22,055	-	-	0.0%
Other Retail	41,951	-	-	0.0%
Total	**874,268**	**11,318**	**887**	**1.4%**
Standardised approach				
Corporate	14,455	168	-	1.2%
Residential Mortgage	2,448	-	-	0.0%
Other Retail	1,988	-	-	0.0%
Total	**18,891**	**168**	**-**	**0.9%**
Qualifying Central Counterparties	**9,919**	**-**	**-**	**0.0%**

	Mar 17			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	267,365	5,313	828	2.3%
Sovereign	130,805	4,286	-	3.3%
Bank	45,715	11	-	0.0%
Residential Mortgage	354,689	-	-	0.0%
Qualifying Revolving Retail	22,273	-	-	0.0%
Other Retail	42,126	-	-	0.0%
Total	**862,973**	**9,610**	**828**	**1.2%**
Standardised approach				
Corporate	16,866	245	-	1.5%
Residential Mortgage	6,476	-	-	0.0%
Other Retail	3,288	-	-	0.0%
Total	**26,630**	**245**	**-**	**0.9%**
Qualifying Central Counterparties	**9,756**	**-**	**-**	**0.0%**

Table 11(b): Counterparty credit risk – net derivative credit exposure

Net derivative credit exposure

	Mar 18 $M	Sep 17 $M	Mar 17 $M
Gross positive fair value of contracts	70,915	62,518	63,882
Netting benefits	(55,268)	(49,227)	(50,335)
Netted current credit exposure	15,647	13,291	13,547
Collateral held	(7,530)	(5,093)	(3,861)
Net derivatives credit exposure	**8,117**	**8,198**	**9,686**

Counterparty credit risk exposure – by portfolio type

Portfolio Type	Mar 18 $M	Sep 17 $M	Mar 17 $M
Corporate	15,106	13,573	14,671
Sovereign	1,383	1,359	1,801
Bank	15,817	13,569	13,540
Qualifying Central Counterparties	10,591	9,916	9,756
Specialised Lending	461	505	625
Total exposures	**43,358**	**38,922**	**40,393**

Notional Value of Credit Derivative Hedges

Product Type	Mar 18 $M	Sep 17 $M	Mar 17 $M
Credit Default Swaps	343	731	729
Interest Rate Swaps	-	-	-
Currency Swaps	-	-	-
Other	-	-	-
Total exposures	**343**	**731**	**729**

Table 11(c): Counterparty credit risk exposure – credit derivative transactions

	Mar 18		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	2,896	2,502	5,398
Total notional value	**2,896**	**2,502**	**5,398**
Credit derivative products used for intermediation			
Credit default swaps	343	343	686
Total return swaps	-	-	-
Total notional value	**343**	**343**	**686**
Total credit derivative notional value	**3,239**	**2,845**	**6,084**

	Sep 17		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	6,138	5,672	11,810
Total notional value	**6,138**	**5,672**	**11,810**
Credit derivative products used for intermediation			
Credit default swaps	731	731	1,462
Total return swaps	-	-	-
Total notional value	**731**	**731**	**1,462**
Total credit derivative notional value	**6,869**	**6,403**	**13,272**

	Mar 17		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	7,764	7,384	15,148
Total notional value	**7,764**	**7,384**	**15,148**
Credit derivative products used for intermediation			
Credit default swaps	729	729	1,458
Total return swaps	-	-	-
Total notional value	**729**	**729**	**1,458**
Total credit derivative notional value	**8,493**	**8,113**	**16,606**

Chapter 5 – Securitisation

Banking Book

Table 12(g): Banking Book: Traditional and synthetic securitisation exposures

	Mar 18		
Traditional securitisations			
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	1,349	70,709	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**1,349**	**70,709**	**-**
Synthetic securitisations			
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**
Aggregate of traditional and synthetic securitisations			
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	1,349	70,709	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**1,349**	**70,709**	**-**

Sep 17

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	1,528	71,011	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**1,528**	**71,011**	**-**

Synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	1,528	71,011	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**1,528**	**71,011**	-

Mar 17

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	1,750	81,224	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**1,750**	**81,224**	**-**

Synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	1,750	81,224	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**1,750**	**81,224**	**-**

Table 12(h): Banking Book: Impaired and Past due loans relating to ANZ originated securitisations

	Mar 18				
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**Impaired $M**	**Past due $M**	**Losses recognised for the six month ended $M**
Residential mortgage	1,349	70,709	-	57	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**1,349**	**70,709**	**-**	**57**	**-**

	Sep 17				
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**Impaired $M**	**Past due $M**	**Losses recognised for the six month ended $M**
Residential mortgage	1,528	71,011	-	67	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**1,528**	**71,011**	**-**	**67**	**-**

	Mar 17				
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**Impaired $M**	**Past due $M**	**Losses recognised for the six month ended $M**
Residential mortgage	1,750	81,224	-	57	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**1,750**	**81,224**	**-**	**57**	**-**

Table 12(i): Banking Book: Total amount of outstanding exposures intended to be securitised

No assets from ANZ's Banking Book were intended to be securitised as at the reporting date.

Table 12(j): Banking Book: Securitisation - Summary of current period's activity by underlying asset type and facility[27]

	Mar 18			
	Original value securitised			
Securitisation activity by underlying asset type	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	(179)	(302)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(179)**	**(302)**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	(51)
Funding facilities	(162)
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(404)
Other	6
Total	**(611)**

	Sep 17			
	Original value securitised			
Securitisation activity by underlying asset type	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	(222)	(10,213)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(222)**	**(10,213)**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	815
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(635)
Other	4
Total	**184**

[27] Activity represents net movement in outstandings.

	Mar 17			
	Original value securitised			
Securitisation activity by underlying asset type	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**	**Recognised gain or loss on sale $M**
Residential mortgage	1,750	746	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**1,750**	**746**	**-**	**-**

Securitisation activity by facility provided	**Notional amount $M**
Liquidity facilities	18
Funding facilities	220
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(772)
Other	80
Total	**(454)**

Table 12(k): Banking Book: Securitisation - Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Mar 18 $M	Sep 17 $M	Mar 17 $M
Liquidity facilities	-	21	23
Funding facilities	7,126	7,004	7,023
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,165	2,569	3,204
Protection provided	-	-	-
Other	128	151	182
Total	**9,418**	**9,745**	**10,432**

Securitisation exposure type - Off balance sheet	Mar 18 $M	Sep 17 $M	Mar 17 $M
Liquidity facilities	17	51	57
Funding facilities	1,411	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**1,428**	**51**	**57**

Total Securitisation exposure type	Mar-18 $M	Sep 17 $M	Mar-17 $M
Liquidity facilities	17	72	80
Funding facilities	8,537	7,004	7,023
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,165	2,569	3,204
Protection provided	-	-	-
Other	128	151	182
Total	**10,846**	**9,796**	**10,489**

Table 12(l) part (i): Banking Book: Securitisation - Regulatory credit exposures by risk weight band

Securitisation risk weights	Mar 18 Regulatory credit exposure $M	Mar 18 Risk weighted assets $M	Sep 17 Regulatory credit exposure $M	Sep 17 Risk weighted assets $M	Mar 17 Regulatory credit exposure $M	Mar 17 Risk weighted assets $M
≤ 25%	10,846	1,728	9,709	1,012	10,395	1,093
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	36	20	37	21
>75 ≤ 100%	-	-	51	51	57	57
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**10,846**	**1,728**	**9,796**	**1,083**	**10,489**	**1,171**

Resecuritisation risk weights	Mar 18 Regulatory credit exposure $M	Mar 18 Risk weighted assets $M	Sep 17 Regulatory credit exposure $M	Sep 17 Risk weighted assets $M	Mar 17 Regulatory credit exposure $M	Mar 17 Risk weighted assets $M
≤ 25%	-	-	-	-	-	-
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	-	-	-	-
>75 ≤ 100%	-	-	-	-	-	-
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Total Securitisation risk weights	Mar 18 Regulatory credit exposure $M	Mar 18 Risk weighted assets $M	Sep 17 Regulatory credit exposure $M	Sep 17 Risk weighted assets $M	Mar 17 Regulatory credit exposure $M	Mar 17 Risk weighted assets $M
≤ 25%	10,846	1,728	9,709	1,012	10,395	1,093
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	36	20	37	21
>75 ≤ 100%	-	-	51	51	57	57
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**10,486**	**1,728**	**9,796**	**1,083**	**10,489**	**1,171**

Table 12(l) part (ii): Banking Book: Securitisation - Aggregate securitisation exposures deducted from Capital

No longer required under Basel III; defaulted exposures are given a risk weight of 1250% and no longer deducted from capital.

Table 12(m): Banking Book: Securitisations subject to early amortisation treatment

ANZ does not have any Securitisations subject to early amortisation treatment or using Standardised approach.

Table 12(n): Banking Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

ANZ does not have any retained or purchased Resecuritisation exposures.

Trading Book

Table 12(o): Trading Book: Traditional and synthetic securitisation exposures

No assets from ANZ's Trading Book were securitised during the reporting period.

Table 12(p): Trading Book: Total amount of outstanding exposures intended to be securitised

No assets from ANZ's Trading Book were intended to be securitised as at the reporting date.

Table 12(q): Trading Book: Securitisation - Summary of current year's activity by underlying asset type and facility

No assets from ANZ's Trading Book were securitised during the reporting period.

Table 12(r): Trading Book: Traditional and synthetic securitisation exposures

No assets from ANZ's Trading Book were securitised during the reporting period.

Table 12(s): Trading Book: Securitisation – Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Mar 18 $M	Sep 17 $M	Mar 17 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	23	8
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**23**	**8**

Securitisation exposure type - Off balance sheet	Mar 18 $M	Sep 17 $M	Mar 17 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Total Securitisation exposure type	Mar 18 $M	Sep 17 $M	Mar 17 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	23	8
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**23**	**8**

Table 12(t)(i) & Table 12(u)(i): Trading Book: Aggregate securitisation exposures subject to Internal Models Approach (IMA) and the associated Capital requirements

ANZ does not have any Securitisation exposures subject to Internal Models Approach.

Table 12(t)(ii) & Table 12(u)(ii): Trading Book: Aggregate securitisation exposures subject to APS120 and the associated Capital requirements

ANZ does not have any aggregate Securitisation exposures subject to APS120 and the associated Capital requirements.

Table 12(u)(iii): Trading Book: Securitisation - Aggregate securitisation exposures deducted from Capital

ANZ does not have any Securitisation exposures subject to early amortisation or using Standardised approach.

Table 12(v): Trading Book: Securitisations subject to early amortisation treatment

ANZ does not have any Securitisation exposures subject to early amortisation or using Standardised approach.

Table 12(w): Trading Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

ANZ does not have any retained or purchased Resecuritisation exposures.

Chapter 6 – Market risk

Table 13 Market risk – Standard approach

Table 13(b): Market risk – Standard approach [28]

	Mar 18 $M	Sep 17 $M	Mar 17 $M
Interest rate risk	100	90	75
Equity position risk	-	-	-
Foreign exchange risk	-	-	-
Commodity risk	-	-	-
Total	**100**	**90**	**75**
Risk Weighted Assets equivalent	**1,250**	**1,125**	**938**

[28] RWA equivalent is the capital requirement multiplied by 12.5 in accordance with APS 110.

Table 14 Market risk – Internal models approach

Table 14(f): Value at Risk (VaR) and stressed VaR over the reporting period [29] [30]

	Six months ended 31 Mar 18			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	5.0	10.3	2.1	3.3
Interest Rate	10.8	15.5	6.8	12.7
Credit	5.1	6.5	3.4	3.6
Commodity	2.4	3.5	1.4	3.5
Equity	-	-	-	-

	Six months ended 30 Sep 17			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	5.3	10.5	2.5	4.2
Interest Rate	11.7	17.0	8.4	12.8
Credit	3.8	5.4	2.6	4.4
Commodity	1.9	3.0	1.4	2.2
Equity	0.1	0.2	-	-

	Six months ended 31 Mar 17			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	4.8	9.2	2.6	7.9
Interest Rate	13.0	19.7	5.3	8.6
Credit	3.1	4.2	2.0	3.9
Commodity	2.2	3.9	1.5	3.1
Equity	0.3	0.5	0.2	0.2

	Six months ended 31 Mar 18			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	40.8	74.0	20.0	46.3
Interest Rate	68.6	166.5	35.3	64.5
Credit	37.3	49.3	29.0	29.0
Commodity	13.3	24.0	4.3	21.3
Equity	0.1	0.3	-	-

	Six months ended 30 Sep 17			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	40.9	81.1	18.4	37.2
Interest Rate	82.1	184.0	41.2	63.1
Credit	31.8	38.0	26.2	34.8
Commodity	7.0	14.9	4.2	8.5
Equity	1.8	2.1	-	0.3

	Six months ended 31 Mar 17			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	27.8	71.2	7.8	53.8
Interest Rate	87.6	121.7	36.6	112.5
Credit	26.1	35.7	16.5	32.8
Commodity	8.2	13.1	3.8	7.7
Equity	2.5	3.5	1.9	2.0

[29] The Foreign exchange VaR excludes foreign exchange translation exposures outside of the trading book.

[30] ANZ Financial Statements are inclusive of Linear FVA whereas this is not included in Pillar 3 & Capital Reporting

Chapter 7 – Equities

Table 16 Equities – Disclosures for banking book positions

Table 16(b) and 16(c): Equities – Types and nature of Banking Book investments

Equity investments	Mar 18 $M Balance sheet value	Mar 18 $M Fair value
Value of listed (publicly traded) equities	3,444	2,831
Value of unlisted (privately held) equities	151	151
Total	**3,595**	**2,982**

Equity investments	Sep 17 $M Balance sheet value	Sep 17 $M Fair value
Value of listed (publicly traded) equities	2,900	2,633
Value of unlisted (privately held) equities	1,953	1,953
Total	**4,853**	**4,586**

Equity investments	Mar 17 $M Balance sheet value	Mar 17 $M Fair value
Value of listed (publicly traded) equities	2,839	2,500
Value of unlisted (privately held) equities	1,918	1,918
Total	**4,757**	**4,418**

Table 16(d) and 16(e): Equities – gains (losses)

Realised gains (losses) on equity investments	Half Year Mar 18 $M	Half Year Sep 17 $M	Half Year Mar 17 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	353	(2)	-
Cumulative realised losses from impairment and writedowns in the reporting period	-	-	(1)
Total	**353**	**(2)**	**(1)**

Unrealised gains (losses) on equity investments	Half Year Mar 18 $M	Half Year Sep 17 $M	Half Year Mar 17 $M
Total unrealised gains (losses)	170	21	(145)
Total unrealised gains (losses) included in Common Equity Tier 1, Tier 1 and/or Tier 2 capital	**170**	**21**	**(145)**

Table 16(f): Equities Risk Weighted Assets

From 1 January 2013 all banking book equity exposures are deducted from Common Equity Tier 1 capital.

Chapter 8 – Interest Rate Risk in the Banking Book

Table 17 Interest Rate Risk in the Banking Book

Table 17(b): Interest Rate Risk in the Banking Book

	Change in Economic Value		
Standard Shock Scenario Stress Testing: Interest rate shock applied	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**
AUD			
200 basis point parallel increase	(339)	(427)	(19)
200 basis point parallel decrease	344	415	(3)
NZD			
200 basis point parallel increase	(112)	(82)	(58)
200 basis point parallel decrease	106	75	53
USD			
200 basis point parallel increase	(46)	(32)	(27)
200 basis point parallel decrease	52	34	30
GBP			
200 basis point parallel increase	12	9	11
200 basis point parallel decrease	(12)	(9)	(11)
Other			
200 basis point parallel increase	(96)	(98)	(68)
200 basis point parallel decrease	103	103	74
IRRBB regulatory capital	**722**	**929**	**827**
IRRBB regulatory RWA	**9,019**	**11,611**	**10,332**

IRRBB stress testing methodology

Stress tests within ANZ include standard and extraordinary tests. These tests are used to highlight potential risk which may not be captured by VaR, and how the portfolio might behave under extraordinary circumstances. Standard stress tests include statistically derived scenarios based on historical yield curve movements. These combine parallel shocks with twists and bends in the curve to produce a wide range of hypothetical scenarios at high statistical confidence levels, with the single worst scenario identified and reported. Extraordinary stress tests include interest rate moves from historical periods of stress as well as stresses to assumptions made about the repricing term of exposures. The rate move scenarios include daily changes over the stressed periods and the worst theoretical losses over the selected periods are each reported. Stresses of the repricing term assumptions investigate scenarios where actual repricing terms are vastly different to the base modelling assumptions.

Chapter 9 – Leverage and Liquidity Coverage Ratio

Leverage Ratio

The Leverage Ratio requirements are part of the Basel Committee on Banking Supervision (BCBS) Basel III capital framework. It is a simple, non-risk based supplement or backstop to the current risk based capital requirements and is intended to restrict the build-up of excessive leverage in the banking system.

Consistent with the BCBS definition, APRA's Leverage Ratio compares Tier 1 Capital to the Exposure Measure (expressed as a percentage) as defined by APS 110. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although the current BCBS requirement is for a minimum of 3%.

At 31 March 2018, the Group's Leverage Ratio of 5.4% was above the 3% BCBS minimum. Table 18 below shows the Group's Leverage Ratio calculation as at 31 March 2018 and Table 19 summarises the reconciliation of accounting assets and leverage ratio exposure measure at 31 March 2018.

Table 18 Leverage Ratio

		Mar 18 $M	Sep 17 $M	Mar 17 $M
On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	795,034	768,930	764,169
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(14,762)	(16,583)	(16,461)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	**780,272**	**752,347**	**747,708**
Derivative exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8,267	8,354	9,685
5	Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions	31,107	28,193	28,199
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework		-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(7,199)	(6,102)	(7,924)
8	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)		-	-
9	Adjusted effective notional amount of written credit derivatives	2,851	6,429	8,115
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(2,279)	(5,405)	(7,107)
11	Total derivative exposures	**32,747**	**31,469**	**30,968**
Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	29,543	28,034	29,680
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,240)	(490)	(1,261)
14	CCR exposure for SFT assets	1,048	1,054	1,867
15	Agent transaction exposures	-	-	-
16	Total securities financing transaction exposures	**29,351**	**28,598**	**30,286**
Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	233,527	232,162	236,054
18	(Adjustments for conversion to credit equivalent amounts)	(133,606)	(135,397)	(138,562)
19	Off-balance sheet items	**99,921**	**96,765**	**97,492**
Capital and Total Exposures				
20	**Tier 1 capital**	**51,125**	**49,324**	**48,091**
21	**Total exposures**	**942,291**	**909,179**	**906,454**
Leverage ratio				
22	**Basel III leverage ratio**	**5.4%**	**5.4%**	**5.3%**

Table 19 Summary comparison of accounting assets vs. leverage ratio exposure measure

		Mar18 $M	Sep17 $M	Mar17 $M
1	Total consolidated assets as per published financial statements	935,116	897,326	896,511
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	(39,623)	(37,846)	(38,781)
3	Adjustment for assets held on the balance sheet in a fiduciary capacity pursuant to the Australian Accounting Standards but excluded from the leverage ratio exposure measure	-	-	-
4	Adjustments for derivative financial instruments.	(38,168)	(31,047)	(32,913)
5	Adjustment for SFTs (i.e. repos and similar secured lending)	(193)	564	606
6	Adjustment for off-balance sheet exposures (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	99,921	96,765	97,492
7	Other adjustments	(14,762)	(16,583)	(16,461)
8	**Leverage ratio exposure**	**942,291**	**909,179**	**906,454**

Table 20 Liquidity Coverage Ratio disclosure template

		Mar 18		Dec 17		Sep 17	
		Total Unweighted Value $M	Total Weighted Value $M	Total Unweighted Value $M	Total Weighted Value $M	Total Unweighted Value $M	Total Weighted Value $M
Liquid assets, of which:							
1	High-quality liquid assets (HQLA)	-	142,032	-	131,462	-	128,333
2	Alternative liquid assets (ALA)	-	40,898	-	37,799	-	37,797
3	Reserve Bank of New Zealand (RBNZ) securities	-	12,306	-	12,270	-	8,329
Cash outflows							
4	Retail deposits and deposits from small business customers	201,613	21,800	202,968	21,912	203,322	21,941
5	of which: stable deposits	76,074	3,804	77,436	3,872	77,762	3,888
6	of which: less stable deposits	125,539	17,996	125,532	18,040	125,560	18,053
7	Unsecured wholesale funding	199,523	112,597	193,680	108,436	183,549	103,476
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	59,713	14,303	58,186	13,923	57,996	13,892
9	of which: non-operational deposits (all counterparties)	128,114	86,598	124,953	83,972	112,066	76,097
10	of which: unsecured debt	11,696	11,696	10,541	10,541	13,487	13,487
11	Secured wholesale funding		604		567		423
12	Additional requirements	142,331	44,342	140,318	40,527	138,071	39,151
13	of which: outflows related to derivatives exposures and other collateral requirements	31,878	31,878	27,772	27,772	27,226	27,226
14	of which: outflows related to loss of funding on debt products	-	-	-	-	-	-
15	of which: credit and liquidity facilities	110,453	12,464	112,546	12,755	110,845	11,925
16	Other contractual funding obligations	10,189	-	9,904	-	9,227	-
17	Other contingent funding obligations	81,064	4,733	87,368	5,550	103,590	8,482
18	Total cash outflows		184,076		176,992		173,473
Cash inflows							
19	Secured lending (e.g. reverse repos)	21,956	1,122	20,500	1,142	21,148	1479
20	Inflows from fully performing exposures	29,390	19,201	29,402	19,498	31,593	22,366
21	Other cash inflows	21,712	21,712	18,174	18,174	19,350	19,350
22	Total cash inflows	73,058	42,035	68,076	38,814	72,091	43,195
23	Total liquid assets	-	195,236	-	181,531	-	174,459
24	Total net cash outflows	-	142,041	-	138,178	-	130,278
25	Liquidity Coverage Ratio (%)		137.5%		131.4%		133.9%
	Number of data points used (simple average)		64		65		65

Liquidity Coverage Ratio (LCR)

ANZ's average LCR for the 6 months to 31 March 2018 was 134% with total liquid assets exceeding net outflows by an average of $48.3bn.

The main contributors to net outflows were modelled outflows associated with the bank's corporate and retail deposit portfolios, offset by inflows from maturing loans. While cash outflows associated with derivatives are material, these are effectively offset by derivative cash inflows.

The composition of the liquid asset portfolio has remained relatively stable through the half, with HQLA securities and cash making up on average 73% of total liquid assets.

Through the period the Liquidity Coverage Ratio has remained within a range of 125% to 146%. ANZ has a well diversified deposit and funding base avoiding undue concentrations by investor type, maturity, market source and currency.

ANZ monitors and manages its liquidity risk on a daily basis including LCR by geography and currency, ensuring ongoing compliance across the network.

Glossary

ADI	Authorised Deposit-taking Institution.
Basel III Credit Valuation Adjustment (CVA) capital charge	CVA charge is an additional capital requirement under Basel III for bilateral derivative exposures. Derivatives not cleared through a central exchange/counterparty are subject to this additional capital charge and also receive normal CRWA treatment under Basel II principles.
Collective provision (CP)	Collective provision is the provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision may only be recognised when a loss event has already occurred. Losses expected as a result of future events, no matter how likely, are not recognised.
Credit exposure	The aggregate of all claims, commitments and contingent liabilities arising from on and off-balance sheet transactions (in the banking book and trading book) with the counterparty or group of related counterparties.
Credit risk	The risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract.
Credit Valuation Adjustment (CVA)	Over the life of a derivative instrument, ANZ uses a CVA model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA.
Days past due	The number of days a credit obligation is overdue, commencing on the date that the arrears or excess occurs and accruing for each completed calendar day thereafter.
Exposure at Default (EAD)	Exposure At Default is defined as the expected facility exposure at the date of default.
Impaired assets (IA)	Facilities are classified as impaired when there is doubt as to whether the contractual amounts due, including interest and other payments, will be met in a timely manner. Impaired assets include impaired facilities, and impaired derivatives. Impaired derivatives have a credit valuation adjustment (CVA), which is a market assessment of the credit risk of the relevant counterparties.
Impaired loans (IL)	Impaired loans comprise of drawn facilities where the customer's status is defined as impaired.
Individual provision charge (IPC)	Individual provision charge is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments.
Individual provisions (IP)	Individual provisions are assessed on a case-by-case basis for all individually managed impaired assets taking into consideration factors such as the realisable value of security (or other credit mitigants), the likely return available upon liquidation or bankruptcy, legal uncertainties, estimated costs involved in recovery, the market price of the exposure in secondary markets and the amount and timing of expected receipts and recoveries.
Internationally Comparable Basel III Capital	The Internationally Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel III framework (including differences identified in the March 2014 Basel Committee Regulatory Consistency Assessment Programme (RCAP) on Basel III implementation in Australia) and its application in major offshore jurisdictions.

Market risk	The risk to ANZ's earnings arising from changes in interest rates, currency exchange rates and credit spreads, or from fluctuations in bond, commodity or equity prices. ANZ has grouped market risk into two broad categories to facilitate the measurement, reporting and control of market risk: Traded market risk - the risk of loss from changes in the value of financial instruments due to movements in price factors for physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with clients or with the market. Non-traded market risk (or balance sheet risk) - comprises interest rate risk in the banking book and the risk to the AUD denominated value of ANZ's capital and earnings due to foreign exchange rate movements.
Operational risk	The risk of loss resulting from inadequate or failed internal controls or from external events, including legal risk but excluding reputation risk.
Past due facilities	Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets.
Qualifying Central Counterparties (QCCP)	QCCP is a central counterparty which is an entity that interposes itself between counterparties to derivative contracts. Trades with QCCP attract a more favorable risk weight calculation.
Recoveries	Payments received and taken to profit for the current period for the amounts written off in prior financial periods.
Restructured items	Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.
Risk Weighted Assets (RWA)	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.
Securitisation risk	The risk of credit related losses greater than expected due to a securitisation failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.
Write-Offs	Facilities are written off against the related provision for impairment when they are assessed as partially or fully uncollectable, and after proceeds from the realisation of any collateral have been received. Where individual provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement.

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